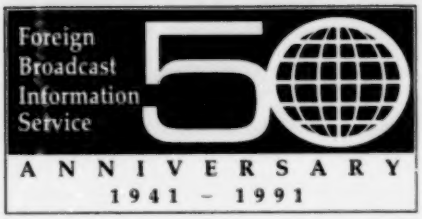

Daily Report

Latin America

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Lacalle Opens Meeting of Mercosur Congressmen

PY0612013891 Montevideo Radio Carve in Spanish 2300 GMT 5 Dec 91

[Report by Lino Torres at Government House]

[Text] President Lacalle said that the Common Market of the South [Mercosur] is not a political phenomenon, but an economic-trade process. The president made these comments at the opening of the meeting attended by delegations from the four Mercosur country members' congressmen.

At the beginning of his speech, Lacalle pointed out that the idea of Mercosur was promoted from the Uruguayan Government House, with the participation of the leaders of all political parties, thus making it a national undertaking.

Emphasizing the task of the Mercosur congressmen, President Lacalle said they will approve laws that will bring about transformations. He said that some of these laws will have to be quickly approved because in only 48 months the Mercosur Treaty goes into effect.

Presidential Central American Summit in Honduras

Taiwanese Minister Arrives

PA1312031391 Tegucigalpa EL HERALDO in Spanish 12 Dec 91 p 2

[Text] Taiwanese Foreign Minister Frederick Chien arrived in Tegucigalpa yesterday to participate in the 11th Central American Summit, which will be inaugurated today.

Chien will be present at the summit at the invitation of Honduran President Rafael Leonardo Callejas to Taiwanese President Dr. Li Teng-hui.

Callejas visited Taiwan last October and on that occasion he asked his Taiwanese counterpart Li Teng-hui to send a top government official to the summit. That is why Foreign Minister Chien has come to the country.

The foreign minister was received at the Tegucigalpa Airport by Chuan-Li Huang, the Taiwanese ambassador to Honduras; first secretary Jorge Ho; Honduran Deputy Foreign Minister Jaime Guell Bogran; and other Honduran officials.

Presidents Arrive

PA1212150091 Panama City ACAN in Spanish 1405 GMT 12 Dec 91

[Text] Tegucigalpa, 12 Dec (ACAN-EFE)—Costa Rican President Rafael Angel Calderon arrived in Tegucigalpa on 12 December to join his Central American counterparts for the 10th regional summit, which will be held on 12 and 13 December in Honduras.

Calderon and his wife, Gloria, arrived in the Honduran capital at 0745 on a commercial flight. They were welcomed by their hosts, President Rafael Leonardo Callejas and his wife, Norma Regina.

Presidents Jorge Serrano of Guatemala, Violeta Chamorro of Nicaragua, and Guillermo Endara of Panama will arrive in Tegucigalpa on 12 December.

Salvadoran President Alfredo Cristiani and Belizean Prime Minister George Price, who was invited to participate in the summit as an observer, arrived on 11 December.

Callejas Opens Summit

PA1212205691 Paris AFP in Spanish 1817 GMT 12 Dec 91

[Text] Tegucigalpa, 12 Dec (AFP)—Honduran President Rafael Callejas inaugurated on 12 December the 11th Presidential Regional Summit dedicated to discussing the dire living conditions of the people in the region. During his speech, Callejas called for Central American unity through economic growth.

At the inaugural event, held at the Honduras Maya Hotel in downtown Tegucigalpa, Callejas urged the participants to continue their integration efforts in the area. The goal of these efforts is to reach economic growth based on the "theme of democracy and development."

During the event, which will conclude on 20 December [date as received] at noon, the Central American heads of state will sign an agreement—among other political and economic agreements—to engage in a struggle against the conditions of poverty in which two out of every three Central Americans live.

Guatemalan President Jorge Serrano, Salvadoran President Alfredo Cristiani, Nicaraguan President Violeta Chamorro, Costa Rican President Rafael Calderon, Panamanian President Guillermo Endara, and Callejas will also sign at the end of the summit a final declaration in support of the Salvadoran and Guatemalan peace dialogues, the creation of common trade barriers, a Central American agriculture program, and other future economic and political endeavors.

The organization of a permanent secretariat to cooperate and follow-up the regional agreements and programs to be implemented in the fields of health, employment, education, and housing—with support of foreign economic aid—are part of the extensive presidential agenda prepared beforehand by the ministers and technical personnel assembled during the past few days in the Honduran capital.

According to UN officials, $9 to $10 billion will be required to implement these plans of action. Because economic aid to the region has been reduced, this causes skepticism among labor unions and opposition circles, as far as the execution of these actions is concerned.

Nevertheless, upon their arrival in the Honduran capital, the presidents underscored their hope of arriving at specific solutions for the poor; that is one third of the region's population.

Labor union leaders of the Central American isthmus will ask—in a document to be delivered during an interview with the presidents on 12 December—that the "neo-liberal" policies used by their governments to confront the crisis be reoriented. These include privatization programs, dismissals of government workers, and other policies.

Costa Rica and Panama, the only nations on the isthmus without an Army, have insisted, through their foreign ministers in Tegucigalpa, on the need to cut military spending in the region. This position was rejected by Guatemala, Honduras, and El Salvador as these are nations where the Armed Forces practically have the power to veto government decisions, as was admitted in private by high level government officials.

Among observers at this 11th summit—which was first held in 1986—were OAS Secretary General Joao Baena Soares, Taiwan's Foreign Minister Frederik Chien, as well as high-level delegations from the World Bank, the Inter-American Development Bank, and special UN organizations.

'Tegucigalpa Commitment' Signed

PA1312034291 Mexico City NOTIMEX in Spanish 0015 GMT 13 Dec 91

[Text] Tegucigalpa, 12 Dec (NOTIMEX)—On 12 December, the Central American heads of state promised to improve the standard of living of "millions of people, whose existence and potential are in danger of being lost."

In a document called the "Tegucigalpa Commitment," the Central American leaders pledged to "make every effort to promote a genuine process of human development" in the region.

The document, a product of the 11th Central American Summit, which began on 12 December and will end on 13 December, emphasized children and young people.

On ways to reach its objectives, the document mentioned "the promotion of employment, income, food, nutrition, environmental conditions, access to basic health and sanitation services, housing, education, and community organizations."

The document also established the governments' commitment to give "high priority to adequate and opportune channeling of existing resources and obtaining external contributions."

In order to supervise the implementation of the agreement, the presidents of Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, and Panama, as full members; and Belize, as a guest, agreed to establish a "regional coordination mechanism."

Formed by presidential delegates, this mechanism will trace the achievement of the agreement's goals and objectives.

The "Tegucigalpa Commitment" aims to achieve comprehensive well-being for Central Americans, based on plans designed in each country. On the basis of such national strategies, a "Regional Program for Human Development" will be devised by March 1992.

The national action plans will establish political priorities for the governments of the isthmus; set specific goals, which are "specified in terms of goods and services;" and earmark resources for the realization of the plans.

The presidents called for the participation of the private sector to support feasible and productive social plans.

"Poverty," they stated, "must definitely be fought, especially with more honest, productive, and skilled labor, which will be better paid. There must be an increase of jobs and the production of wealth."

In the document, the Central American presidents and the Belizean prime minister issued an invitation to international technical cooperation agencies to support the process and to the international community to provide the necessary cooperation.

They also urged the political parties and organizations to adopt the commitments and goals of the project to contribute to the consolidation of peace, democracy, and human development in the region.

The leaders stated that economic growth is a basic requirement for the improvement of social conditions in Central America. "In our view, development guides economic growth to help people and improve their living conditions," they added.

"Our strategies and actions are centered on children, youth, and women, as well as on special attention to the basic needs of the poorest groups of the Central American people."

The Tegucigalpa Commitment was signed by Presidents Jorge Serrano Elias of Guatemala, Alfredo Cristiani of El Salvador, Rafael Leonardo Callejas of Honduras, Violeta Chamorro of Nicaragua, Rafael Angel Calderon of Costa Rica, and Guillermo Endara of Panama and Belizean Prime Minister George Price.

On 13 December, they will address political issues of the region.

Serrano Comments on Summit

PA1312042191 Panama City ACAN in Spanish 2341 GMT 12 Dec 91

[Text] Tegucigalpa, 12 Dec (ACAN)—Guatemalan President Jorge Serrano said in Tegucigalpa that "it is time" for peace in Central America so education, health, and development problems can be resolved.

In statements to journalists, the president, who is participating in the 11th Central American Summit inaugurated in the Honduran capital on 12 December said we must all support the peace efforts in the isthmus.

Serrano also talked about the "responsibility" he feels to his people to end "30 years of fighting" with the rebel movements that comprise the Guatemalan National Revolutionary Unity (URNG).

The president did not comment on the negotiations being held between his government and the URNG for the past year, but said the cause of the conflict should be sought "to a large extent in external factors, as well as in internal factors."

The objective of the summit is to find solutions to the Central American social problems. Serrano pointed out that up until now the integration of the isthmus "has been discussed in economic terms."

"We have now changed the focus and what we should all do is to work for the overall development of the human being," Serrano said.

Report on 'Final Document'

PA1212200391 Panama City ACAN in Spanish 1816 GMT 12 Dec 91

[Text] Tegucigalpa, 12 Dec (ACAN-EFE)—ACAN-EFE has access to the text of the Tegucigalpa summit's final document, which will be signed on 13 December. In the document, the six Central American presidents assert that to ensure lasting peace in Central America, it is "essential" to put an end to social inequalities in the region.

The document also expresses the presidents' determination to encourage national reconciliation, dialogue, democracy, and respect for human rights; and to reach an agreement on reducing armament and the number of soldiers in the countries of the region.

The presidents expressly support the peace processes in El Salvador and Guatemala, whose governments are negotiating with subversive organizations.

In addition, the six presidents declare themselves determined to "expedite" the integration process on the isthmus and support the various regional cooperation organizations. These organizations are reinforced with the creation of a Central American Integration System, which is based on the defunct Organization of Central American States.

According to several foreign ministries, the summit's final document—on which there was a general consensus—will be signed on 13 December by Panamanian President Guillermo Endara, Costa Rican President Rafael Angel Calderon, Nicaraguan President Violeta Chamorro, Honduran President Rafael Leonardo Callejas, Salvadoran President Alfredo Cristiani, and Guatemalan President Jorge Serrano. The document will be called the Tegucigalpa Declaration. The document will also be signed by Belize's Prime Minister George Price, who is devoted to studying the region's social problems and is an observer at this 11th Central American summit.

The presidents, who held their first summit in 1986, said: "Human development and the removal of social inequalities are fundamental challenges that must be taken into consideration for the consolidation of peace in Central America, which is a region of peace, freedom, democracy, and development."

Regarding the problem of drug trafficking, the presidents agreed to instruct their respective central banks to seek ways to deal with money laundering in cooperation with the Central American Permanent Commission. In the document, the presidents also request the IDB to back development projects with new financial resources. The presidents regard such plans as "essential," given the financial problems derived from the "excessive burden" represented by the foreign debt. They request "greater cooperation with the international community" to advance in the integration process. In the document, the presidents devote several paragraphs to support plans and organizations active in the protection of the environment.

The presidents condemned this year's coup in Haiti, congratulate UN Secretary General Javier Perez de Cuellar for his work in the pacification of Central America, and underline the importance of the upcoming meeting with ministries of the Caribbean English-speaking countries in January.

Regarding the economy, the ministers agreed to encourage regional highway and transportation plans, as well as the creation of a railroad that would stretch throughout Central America.

Finally, the presidents agreed to create within 90 days a Central American Council for Housing and Human Settlements and to establish its secretariat in Honduras. They also agreed to outline investment plans in the areas of science and technology.

Cuba

Fidel Castro Speech to FEEM Congress

PA1312035191 Havana Cubavision Television in Spanish 0145 GMT 8 Dec 91

[Speech by President Fidel Castro during the closing of the Eighth Congress of the Federation of Secondary School Students, FEEM, at the Convention Center in Havana on 6 December—recorded]

[Text] Guests, Comrades of the Federation of Secondary School Students [FEEM]:

After two days, two days of intense work, and with hardly any time to think a bit, I am speaking to you to close the congress. But I am doing so with great affection and deep sympathy. I can almost say, with revolutionary devotion. We have experienced unforgettable moments during these days. I think that your enthusiasm did not flag for a single minute. You have left a great impression on us. Words have no meaning if they do not express reality. Perhaps it is the times, more difficult than ever, which have made it possible to have a meeting that has been better than any other. We are really amazed by your talent. No one who has been present during these two days could say that I am exaggerating. We are amazed by your spirit, your firmness, your awareness. We are amazed by your enthusiasm and your determination to fight.

Well, we were talking about dreams and dreams must be interpreted two ways: dreams that may be utopias, that may be utopian; and realistic dreams. I think what we have seen during these days is not either of these things, but rather a kind of dreams and utopias that have become reality. If all those of us who—long before you were born—began the revolutionary struggle, had been able to imagine students like you after a period of time, and we imagined this, I would say that we would not even have been able to imagine anything just like these students. We imagined very good young people, very good people, very good students. Good in the meaning of the word: To us, good means people of integrity, noble people, courageous people, revolutionary people. So much so, that not even those of us who at some time dreamed of these things could have dreamed of students like this.

The thing is that at times, dreams even exceed.... [corrects himself] I mean the opposite: Reality exceeds dreams. What you are would be a cause of pride for any country and any revolution. I think that what you have conveyed in eloquent words or inspired poems or moving songs defines our students, defines our students in the special period. Will there be better students than you in the future? Will they be? Could they be? I would not dare to say yes. When times are different, when circumstances are normal, when we do not have inside us so many things like the things that push us today, perhaps you may have better professors, better teachers, better spelling, better roofs, better buildings, including art schools and vocational schools—which as I said, have never been forgotten, but time and circumstances have not allowed us to complete the programs they were included in—perhaps you may have better clothes and shoes, although I think you will not have prettier ones. Here, where the imagination of the young people and the designers has worked, you have obtained a colorfulness such that perhaps one day you will be dressed in silk or any other sophisticated material that comes from science or chemistry, but I am sure that nothing future generations have will be able to reproduce a more beautiful image than what we have seen and witnessed during these days, and especially today. [applause]

They will have more certainty, more things, many more things, but it will be impossible to relive under normal conditions this response you are giving from your hearts to the dangers the nation, the revolution, and socialism are facing. I see and understand that you have understood very well the time we are living in, the dangers we are experiencing, the threats we are living under. I see that you have understood very well the unhealthy joy of those who think that the time is coming to take revenge against the revolution's work, against the revolution, and against the revolutionaries; the unhealthy joy of those who think they can once more make our people yield and kneel down; those who imagine it is possible to force us to live once more in the repugnant capitalist society.

Because capitalism cannot produce this. Capitalism cannot produce these kinds of actions, or these kinds of scenes, or these kinds of events, this kind of unity, a common purpose like the one that involves us all. What we see everywhere is students being beaten, students being repressed, even in some of those countries that at one time considered themselves socialist but that already had within themselves all the cancer and all the habits and all the corruption of capitalism. We see students, especially in the capitalist world, in Latin America, almost every day we receive news about students on strike, students being repressed, students being shot, students being killed, almost everywhere.

We also receive this news, and we see this in Europe, and we see this in Asia. In the country that is the favorite ally of the United States, South Korea, every day, almost without exception, there is a battle between the students and the police, between the students and the repressors, the friends and allies of imperialism. The unity we see here cannot be seen in any capitalist country. They are divided into many, many factions. What is left of the students' strength? What is left of the workers' strength? What is left of the strength of the young people, the women, the farmers, the professionals? They are fragmented into 100 pieces, fighting against each other, organized into a multitude of parties fighting against each other, because that is what the system really wants, what the system needs in order to enslave and be able to exploit people.

I ask those countries—who present themselves or try to present themselves as model societies and democracies,

models they want to impose on us—if the Pioneers meet to discuss all their problems with the party and the government, if the workers meet to discuss all their problems with the party and the government, if the farmers or the women or the residents of districts do. I ask myself if in any of those countries the students meet to discuss all their problems with the party and the government, the administration, the state, and not only those problems that interest the students but also those that interest the whole country, the whole nation. When the women, the farmers, or the workers meet, they discuss the country's problems, the whole country's problems. Or when the young people meet in coming months, they will be discussing not only the young people's problems. They will be discussing the country's problems.

So our country lives from one congress to the next, congresses not only of the party but of the Union of Young Communists [UJC] and mass organizations. Our country lives from event to event, not only with congresses of workers organized nationally, but of workers organized in individual unions. A few days ago I had the opportunity to participate in the congress of the agricultural and livestock workers, and within a few days, I understand that the congress of the teachers and professors, the education workers, will be held. So not a year goes by, not a month goes by, without the people meeting united, or the united people meeting to discuss and analyze the most varied views and problems of the entire country. There is no country in the world—I can say it this way—that has more active and direct participation by the people in the nation's problems.

I ask myself in what country have we read, in the news reports, that the students meeting united have discussed the issues that have been discussed here, that range from history classes to each and every one of the issues that interest and affect them, presenting successes and advances and positive results, presenting difficulties, setbacks, reverses, abundances, and shortages that may range from books to land for self-sufficiency, without forgetting any of these problems. There may be problems that are not resolved for certain reasons, in many cases for objective reasons, or subjective in some cases, but the problems are not forgotten. The lengthy lists of subjects you discussed in commissions show this. More than 80 students have spoken, more than 80 delegates. We have not yet counted up how many have spoken here, in the plenary sessions.

A large number of problems have been considered. I am sure we have not considered all the problems. We have examples that not all have been considered and that a few have been left out and have not been discussed because of lack of time. As an example, I could give that of the comrade from the fishery school, where that school turned out not to have boats or canals or ocean or fish. Really, if she had not spoken, it would have been a problem we would not have become aware of. We must become aware of the problems even in the midst of great limitations, because as long as there is a problem that can be solved, it should be solved. I find it difficult to imagine that fishery school beside that quarry whose stones turned it into a kind of erupting volcano, threatening not only the roof but the radar sets and the school's equipment, in addition to the safety of the personnel.

But this is why, aware of this, she thought that we do not need a congress to find out each and every one of the problems we have. In fact, I know that a great number of problems have been discussed at meetings of the FEU [Federation of University Students] or the FEEM National Council, and many of them have been solved. Plans and programs have been drawn up, some were underway, and many solution were found, and others were in the process of being found when these unfortunate circumstances came about. They have forced us to make so many restrictions and have limited so many materials for us to solve each and every one of the problems we want to solve, old problems and new problems. Life always presents new problems, such as some of those we have discussed here concerning the issue of manual work, concerning the schools for skilled workers.

These are new problems that have arisen with the revolution itself such as the problem of the exodus of workers from some activities, as I explained in one of my speeches. These are problems created by development itself. These are problems created by our successes, because life will always impose on us the need for a perennial, constant struggle to resolve what is left from the past, to resolve what comes up as something new, and to resolve what can be anticipated for the future. I was thinking that we must be alert to every problem. I recall the words of Robertico [Robaina, president of the UJC] when he said that there are issues that are impossible to resolve in a material sense. But there are issues that are subjective and can be resolved. He told me, when I was commenting on the delegates' tee-shirts, their clothes, he told me: We had that same fabric before, and more fabric, and even better fabric, but we lacked ideas, designs, initiatives.

This is why the FEEM Secretariat, the FEEM Council, the FEEM leaders, have to constantly have the spirit of the congress, constantly be in contact with the problems and with reality, and constantly struggle to resolve them, the ones that can be resolved. That is their task, and our duty is to cooperate with them, listen to them, attend to them, poke around, search, find formulas for solving any of these problems. We should not ignore any of them. It is impossible for us to know everything. We find out about many things from reports, or because they appear in the press, but I have been able to realize the extent to which the comrades in the FEEM leadership are informed about the FEEM's problems, because there was practically no problem that they did not know about. I could ask any question about any school and they would immediately tell me what the school was, what its characteristics were, what problems it might have, what things they had discussed, and what issues had been brought up. I was also able to realize that the comrades

who are leading the FEEM knew in great detail about any difficulty and any problem in any province and any school. They are in constant contact with the minister or the ministers. It is often necessary to coordinate between several institutions to find solutions.

But again I ask myself: What country does this occur in? Some of the problems brought up here are the result of universal education. Elsewhere, elites are educated. There are universities that cost students thousands of dollars a year, private universities in the country or abroad. There is a vast mass of people who do not have any kind of opportunities. Life and reality there, and poverty, are what select or determine who can study and who cannot, and what schools they go to. There are state institutions, but generally they are the first to suffer from financial cuts. They are the first to have their budgets reduced. They are the first to pay the consequences of any crisis, and they live in constant crisis, or they pay the consequences for imperialism's policy, or the foreign debt, or any of the many calamities they suffer from.

That is why I said that under our conditions, as I said in one of my speeches, it seems incredible that our schools are still open, in a country that has lost billions of dollars, billions, [repeats] in imports of products, raw materials, and especially fuel. It is incredible that these schools are still open, that there is not a single child without a school or teacher, that there is not a single adolescent without a school or teacher, that there is not a single young person like you without a school or teacher. It is incredible that there are hundreds of thousands of young people studying at the universities, young people and workers who are not so young, taking regular courses, taking seminars or independent study courses, etc., in the various educational systems.

It is incredible that we are able to do this under these conditions. In any other country under a capitalist system, it would have been absolutely impossible, and I can assure you that what we have endured, no other country would be able to endure. A capitalist system would never have been able to endure this. We have had to take measures, more measures, many measures, but two years have gone by since the collapse [of the socialist bloc] began, or it has been two years since the collapse, and the Cuban Revolution is here in the heart of the West. It has not collapsed! [applause]

The Cuban Revolution is here, 90 miles or 90 millimeters away, and it has not collapsed. Our people are organized here; there is order in our country. The party, the state, the administration are here, working in a single direction, closely united. There may be problems and difficulties, deficiencies and mistakes, but there is no disorganization. There is no chaos. We can say that this country has a party, a state, and an administration, which are things that have disappeared in some countries. This is something that has happened in the Soviet Union itself, unfortunately. It is a gigantic country, a very powerful country.

Because of the October Revolution, the Soviet Union confronted foreign intervention, which it combated and rejected with unsurpassable heroism. It undertook to industrialize in the midst of embargo conditions. It confronted a fascist invasion at the cost of tens of millions of lives. What fascism was not able to do, what imperialism was not able to do, what invasions and embargoes were not able to do has been done by the mistakes of men. The time has not yet come for a final summing-up, or a final analysis, but there is no doubt that if you want to improve something, you cannot begin by destroying it.

There is no doubt—anyone understands this, you understand this, the Pioneers in the second grade understand this—that if you want to improve socialism.... [changes thought] We have been struggling to improve socialism, and we have been struggling to improve socialism since before people talked about improving socialism in the Soviet Union. But you cannot improve socialism, and I would say that you cannot improve anything at all, if you begin by destroying a country's history, by destroying a country's most sacred values. I ask myself what respect is felt today for those 20 million Soviets who gave their lives fighting against fascism, fighting against Hitler.

What ceremony and what homage is paid to them today? How are they remembered today? Or how can those who spilled rivers of blood to defend the October Revolution, to defend the first socialist state in the history of humanity, be remembered today? This history has been full of heroism and merit. How can socialism be defended... [corrects himself] or improved by destroying all those values? How can socialism be improved by destroying the party's authority and prestige? How can socialism be improved by destroying the state's authority and prestige? How can socialism be improved by destroying the government's prestige and authority? How can socialism be improved by destroying socialism's essential values?

Of course, no one spoke in those early days about a market economy. That was something odd and strange, which began by negating any development program and plan. Of course, in those days no one spoke about capitalism. That word was very far from being mentioned. But what is left today of socialism? You should ask yourselves: What is left today of organization? What is left of order? That is why we have all read Gorbachev's dramatic call with great attention. We have read with deep concern what is stated there, the risks and dangers which range from the total disintegration of the Soviet Union to the danger of wars between nations and republics which used to make up that powerful and unyielding multinational state.

Of course, the consequences of these phenomena touch all of us very personally, as I have explained other times, since all our programs and our economy were based on trade with a country with such an extraordinary history as the Soviet Union's, a country that had passed tests as difficult as the Soviet Union's, and based on the premise

of those solid, just relations, which were not relations of plundering like those the developed capitalist world practices against Third World countries. Based on those just relations, I repeat, on these premises, we have worked during these 30 years. All this has collapsed, almost all of a sudden, in a matter of a few years. We could say, in a matter of months. That is what has put our country under the difficult conditions of the special period, where the element that affects us the most is fuel.

This is not because we have not made enormous efforts to get fuel. We are not a country with great rivers, with hydraulic power, capable of producing all the electricity a country needs. Practically all the electricity the country needs, with the exception of the famous Salto de la Nabanilla and some small hydroelectric power plants, comes from oil. All transportation in our country, all mechanization in our country, transportation of the populace and transportation for the economy, services, the lathes and the machinery of industry, household appliances, from irons.... [changes thought] It has been a long time since people stopped using coal. This is not the time of that photograph. This is not the time I was reminded of by the photograph two comrades from Santiago got for me, when there was no refrigeration, at least in the rural areas, nor anything else to cook with but coal. That was a different time. All our household appliances operate with electricity. Everything operates on fuel. As I explained recently, when the revolution triumphed, the price ratio between oil and sugar was one to seven. You could buy seven tons of oil with one ton of sugar.

The problem is that when an item becomes universal and is in the hands of a small number of countries, it is susceptible to a policy of monopoly. That is not like the case of sugar and other products. As you know, sugar can be produced from cane in the tropics or beets in cold countries. Oil is not like that. Oil is a gift of nature. It is very abundant in some countries and totally lacking in others.

It is susceptible to being monopolized and having monopoly prices that have nothing to do with its production costs. As a result of the wars in the Middle East, or the opportunities those wars provided for the oil-producing countries to organize and establish monopoly prices, the current price ratio between the monopoly price of oil and the price of sugar on what we call the garbage dump of the world market.... [changes thought] A large part of the sugar in the world is marketed through agreements, through prices set by agreement and not by the world market. We used to sell a small part of our sugar at those garbage dump prices, but we used to sell the vast majority of our sugar to the Soviet Union and other socialist countries at fair prices.

With China, we always had the world market price, since China is a country with lower levels of development than the Soviet Union and other countries in East Europe, with lower levels of development and lower standards of living. That is, we sold our sugar to the Soviet Union at prices set by agreement, which were below the cost of production for sugar in the Soviet Union. At that price, at the so-called international sugar price, at those garbage dump prices, if you sell sugar at that price to buy oil at a monopoly price, which is what oil has on the market, you can get 1.3 or 1.4 tons of oil for each ton of sugar. Really, before the oil monopoly arose, when the revolution triumphed in 1959, 1960, 1961, in the early sixties, you could buy seven tons of oil with one ton of sugar, on that same market.

Now, calculate what it costs to buy one ton of sugar. To plant sugarcane over enormous areas, each sugar refinery needs at least 3,000 workers. Where there are large deposits of oil, you can hire 1,000 workers and take out tens of millions of tons. A sugar refinery needs at least 1,500 caballerias or around 1,500 caballerias—that is, almost 20,000 hectares of land—to get 100,000 tons of sugar. Then there is what it costs to plow, plant, cultivate, harvest, transport, and produce one ton of sugar. On the so-called world market, world market prices are below the production cost of sugar.

As I have explained on other occasions, if Cuba had the same price ratio today, with 2 million tons of sugar—and it would be nothing for us to produce 2 million tons of sugar, it would be nothing [repeats]—we would have all the oil the country needs under normal conditions, not in the special period. If we had the prices of 1959, 1960, 1961, when sugar prices were not high, when the price was 5 cents, we could get seven tons of oil for one ton of sugar. It is reasonable, because one ton of sugar costs a lot to produce. It was favorable to the Soviets for them to buy sugar from us. They paid us with their manufactured products. They paid us with oil. It cost them much more to produce the sugar themselves. So when they gave us a large amount, several tons of oil for one ton of sugar, they were buying sugar at a lower price than it would have cost them to produce it.

That is why we have explained that the most difficult, most complex problem we have is the problem of fuel. That is what we have been lacking. Right now we are working almost with half the fuel the economy normally needs. It is incredible what we have had to do. It is incredible the number of programs we have had to slow down, or that we have had to halt, in order to save the highest priority things: the food program, the biotechnology program, the pharmaceutical industry, the tourism program to obtain hard currency. We are working with almost half the fuel. But even that half is not assured. As of this hour, this date, not a single ton of the oil corresponding to December has been loaded onto a ship from the Soviet Union to Cuba. As of today; it is now 6 December, and not a single ton of fuel has been shipped from the Soviet Union for December.

We have discussed this, analyzed this. It has been discussed, and we could spend six months discussing this, but fuel is something we need every day. There are a lot of people who think that trade should be based on the ratio of prices on the world market. That would mean

that the Soviet Union would pay the garbage dump price for our sugar, and we would pay the Soviet Union—or what is left of the Soviet Union—the monopoly price for oil. This would mean that with 1 million tons of sugar, we could buy barely 1.4 tons of oil. [numbers as heard] Almost all the country's sugar would go to buy a minimum amount of oil. This price could rise, and the price of sugar on the garbage dump could drop. All that is possible. So the situation at this time is zero tons of oil for December, and discussions in which we are trying to trade one product for the other, for which oil would have the monopoly price—I repeat—and sugar the garbage dump price.

That is why we have to analyze and discuss some reasonable formulas if we want to continue some form of trade of sugar for oil with the USSR or with what is left of the USSR. I am giving this news, I am giving these facts, to you, the FEEM delegates. Of course, it is not so easy to find markets for sugar, for all that sugar that was going to the USSR. It is also not easy for them to find sugar on the market, all that sugar they used to receive from Cuba. It is not so easy to find the oil on other markets, even at the market price... [corrects himself] even at the garbage dump price for sugar and the monopoly price for oil, as a result of the Yankee pressures, the Yankee embargoes.

This is why I am saying that the revolution has to undergo this very difficult phase, called the special period, and that as a result of what I am explaining to you, it may become worse, much worse. We may have to work not with half the fuel but perhaps with one third of the fuel with which we normally worked. You can understand the country's tasks. The country has been electrified to the extent that more than 90 percent of the population has electricity in their homes. The country has been mechanized, to the extent that most activities are carried out with machines. So you can imagine the efforts being made to reduce fuel consumption by almost half of what we had been consuming.

The problem is that what is lacking has not been lacking during the whole year. It has been lacking.... [rephrases] The sharp drops have occurred in recent months, and in December we are threatened with having zero imported fuel from the Soviet Union. It is my duty to explain this to you, because we must begin based on reality. Of course, the country produces a little heavy fuel, oil. It can be used in some electric plants. It can be used in some cement factories. It can be used for some things, but in very small amounts. We are not sitting around idly; not at all. We spend all our time thinking and searching for possible solutions.

This is why, alongside the privilege of being the only country capable of carrying out the historic feat we are carrying out, of assuming a historic role we did not ask anyone for, which fate has put on our shoulders or on the shoulders of our people, alongside this privilege, the difficulties to be overcome are great. But the difficulties are to be overcome under any circumstances. No one is going to give the country the oil it needs under normal conditions as a gift. No one is going to make us a gift of it. The country would have to buy it with whatever sugar we had.

I imagine.... [corrects himself] I wonder if this country can be led without the revolution, if this country can be governed without the revolution and without socialism, [crowd answers: "No!"] if this country can produce 7 or 8 million tons of sugar without socialism and without the revolution. [Crowd answers: "No!"] Those who believe that by selling out the country they can improve things are dreaming. Only the revolution can solve the country's problems, however difficult they may be. [applause] The disorganization and chaos that have been created in the so-called socialist countries have not solved a single problem. The USSR, that gigantic and powerful country, has almost been brought to its knees before the empire, right now.

This does not solve any problem, and what has been created there is such chaos and disorganization that one racks one's brains, and even wishing with all one's heart that they will be able to solve their problems, one cannot see the way, the path, to solve them. Even to import goods, the ports need to function, and one wonders what ports those are, and in which republic's hands they are. A fleet is needed, and one wonders what fleet that is, and in which republic's hands it is. Railroads are needed, and one wonders what railroads those are, and in which republic's hands they are. Electrical grids are needed; oil pipelines, gas pipelines are needed. In which republic's hands are these networks? Does each one want to collect a tax for the gas that passes through their territory, or for the electricity that passes through, or for the oil that passes through, or for the goods that pass through? Can the goods be transported? Can they be loaded at the ports? If the state apparatus has been destroyed and everything has been decentralized, if sometimes there is not even anyone to discuss with or talk with or negotiate with?

I wonder if someone is going to or can solve the problems through those means. I wonder if there can be capitalism without capitalists, and when capitalism would be operating in the Soviet Union. It is possible that 20, 30, 40, or 50 years will pass before any kind of efficient capitalism will be operating there. Developed capitalist countries became organized as such by exploiting their colonies and exploiting the world for hundreds of years. I wonder if that history can be repeated. I wonder if that can be resolved in two, three, or four years.

Disrupt the distribution networks, put all the businesses a country may have in private hands, and we will see what will happen to the populace. Destroy the transportation networks, destroy the organizations that collect the products and distribute them, whether milk, tubers, vegetables or whatever, grains, imported or domestic products.... [changes thought] If the entire organization is disrupted, if there is no planned economy nor market economy, because the situation is that neither one exists,

then there will be counterrevolution, which is what has happened in many East European countries, in spite of imperialism's goodwill and the aid that has been offered but has never arrived. Because when everything has been disorganized, not even aid can be received. Not even aid can be distributed. Who will distribute the aid? Perhaps the illegal vendors can become capitalists and distribute the aid?

That is why I ask myself who are the ones who are going to organize distribution under the current conditions in the Soviet Union. But besides this, even if we accepted the idea of trading some amounts of oil at the garbage dump prices for sugar on the world market, for oil at monopoly prices, I am not really sure there is any institution right now in the USSR that is capable of shipping the oil, and having the oil arrive here, even if we sent them the sugar. Because to carry out that trade, you need a minimum of organization. You need a minimum of efficiency.

That is why I say that only the revolution can solve, in an organized way, without chaos, the problems that may arise, however difficult they may be. The revolution is working, and working seriously, on programs to find solutions to these problems, and these programs are progressing. It is just that the collapse over there is occurring at a quicker pace than the pace of development of our best programs. However intense our efforts, there is a mismatch between the maximum pace at which we can find solutions and the maximum pace of the Soviet Union's deterioration. This can be seen in the letter you have seen published in our newspapers, Gorbachev's call to the parliaments of the different republics of the Soviet Union.

So, we have this task for giants ahead of us. There is a need to adapt to these conditions, which may bring greater restrictions, without a doubt. How much fuel will we have in January? How much electricity will we have in January? These are things that must be said to the people with great frankness, since as revolutionaries we cannot go around hiding problems. We cannot go around as demagogues. We can adopt measures, we can confront problems, based only on reality, based only on truth.

Of course, if we were not a race of giants, if we did not have young people like you, what the future would hold for us would be to become slaves, to become a colony, to become another Puerto Rico, to become another Miami, which they say is one the main centers of crime, prostitution, and drugs in the world. If we did not have people such as ours, we would lose our independence, we would lose the revolution, and we would lose socialism. [applause]

Sometimes history imposes immense, terrible sacrifices upon peoples, hopeless sacrifices. What the famous discovery of America brought was the conquest of these lands by the Europeans, the Spaniards, who immediately took possession of the lands and enslaved the people under the pretext of converting them to Christianity, and they wiped them out. There were practically no natives left, only a few residents of the eastern region still carry some of the genes of those original inhabitants of our land. When the Indians were decimated, the sailors, the pirates from all over Europe turned their attention to Africa to catch Africans and enslave them. Tens upon tens of millions of Africans were uprooted from their land and enslaved here. This slavery lasted until almost the end of the last century.

Finally, in the 1880's, slavery was legally abolished, yet it was replaced by another form of slavery without chains, a more subtle but in many cases worse form of slavery. Then came the immigrants, when we were turned into a neocolony by Yankee intervention, and they bought the best lands of our country and destroyed the forests of precious wood to plant sugarcane. That wood was burned in the boilers at the sugar mills. Tens upon tens of immigrants harvested the sugarcane, and finally, the starving population had to do it.

They imposed capitalism on us for almost 60 years. What did it leave us? What did we inherit from Yankee neocolonialism after almost 60 years? We inherited 100,000 prostitutes out of a population of almost 6.5 million inhabitants; 600,000 unemployed, out of a population of almost 6.5 million inhabitants; and millions of illiterates; and tens of thousands of children dying every year due to the lack of medical care and hospitals. Total abandonment in every sense. A paradise for the majority of the bourgeoisie and landlords. But what did they leave us?

Not even 10 percent of the women had jobs, or were part of the labor force. The situation we observe here at the secondary school level, where the majority of the delegates are female, would have been impossible because the women of the aristocracy and the bourgeoisie, the daughters of the aristocracy and the bourgeoisie, were only educated for marriage. The rest of the women, the daughters of the proletariat and the peasants, were prepared for a life of hunger, for most of them, or otherwise were prepared for prostitution, or to work in bars and cabarets, or to do domestic work. Those were the jobs for women in our country.

That is what we inherited after 60 years of capitalism, all those social problems and vices which the revolution has eliminated in 30 years. From the fight against illiteracy at the beginning to this miracle of the human mind and muscle which is to have eradicated illiteracy and has managed to guarantee that not even a single child lacks a school or a teacher, that not a single citizen lacks medical attention or doctors, that not a single woman has to give birth at the hands of midwives at home. We do not know how people survived tetanus and so many epidemics or how they managed to survive, hardly survive. Only by reproducing and reproducing could they compensate for the losses to disease, to hunger, to all that. That is what capitalists brought us. Farmers had to pay 50 percent of

their harvest for rent. There were immense estates, and hundreds of thousands of families going hungry in the countryside.

No, our people will never resign themselves to that, especially our young people. [applause] Some say that older people might resign themselves because they lived through the capitalist period, but our young people would not. You are living proof of the reality; you know more than you were taught. [applause] You comprehend, you understand through your intelligence, through your talent, through reasoning, that everything you have can only be the result of a social change as profound as the one that took place in our country; that all this equality, all this brotherhood, all these opportunities that each of you have could only have occurred when capitalism disappeared from Cuba, [applause] could only have occurred with the establishment of a just social system, a truly just system, which is socialism, even though it is socialism in a Third World country.

This country was underdeveloped. It has progressed during these years. It has progressed a lot during these years, precisely because there was a socialist bloc which would support us against the imperialist embargo. Of course, if the socialist bloc had not existed, no one knows how many Yankee invasions we would have had to resist. Because we resisted at the Bay of Pigs and during the October missile crisis in spite of the fact that the USSR existed, and the USSR had nuclear missiles. Because what I have said does not reduce by an iota our gratitude to the Soviet Union we knew, the peoples who made up that Soviet Union, who showed such solidarity towards our country, who gave us so much aid, who treated our country so fairly.

With their weapons we have defended ourselves from imperialism's threats. Their weapons were in our hands, because we defended ourselves. We counted on their solidarity. But if the imperialists think that the alternative we have to accept is the yoke once again, they are mistaken, even though there is no socialist bloc. If they think that the alternative is to accept colonialism once again, they are mistaken. If they think that the only alternative left to Cuba is to accept capitalism once again, they are mistaken. [applause]

If they think that the alternative is to accept once more all that injustice, inequality, and vices, they are mistaken. If they think they are going to make the women of this country prostitutes again, they are mistaken. [applause] If they think they are going to turn them into luxury objects, they are mistaken. If they think they are going to educate part of society to be wives, while others suffer all the calamities, the vast majority suffered all the calamities there ever were, they are mistaken. If they think they are going to bring begging back to this country, they are mistaken. If they think they are going to bring illiteracy back, they are mistaken. [applause]

If they think they are going to bring back to this country the spectacle we see in Latin America of tens of millions of homeless children, tens of millions of homeless children, [repeats] begging for money in the streets, or living at the garbage dumps, they are mistaken. If they think they are going to have in this country, as in Latin America, a large part of our children without teachers or schools, they are mistaken. If they think large numbers of children are going to die once more without medical care, they are mistaken. If they think they are going to have unemployment and hunger here, they are mistaken. [applause, chanting]

If they think they are going to come to leave all the university or technological school graduates out in the streets without giving them anything but the miserable status of the unemployed, and telling them to work it out for themselves, and not what our country does in the midst of its limitations on resources ....[changes thought] Our country is able to guarantee an income if there is no job for any of those young people. If they think they are going to destroy this humanitarian and social work, they are mistaken. If they think they are going to bring back drugs and gambling to our country, they are mistaken. [applause]

If they think they are going to bring racial discrimination back to Cuba and turn all those clubs back into private clubs, and prohibit people from going to Santa Maria del Mar because it excluded whites as well as blacks....[rephrases] If they think they are going to establish again any kind of discrimination, not only social, not only sexual, if they think they are going to have the slightest form of racial discrimination in this country, they are mistaken. [applause, chanting]

If they think that alongside a privileged minority of millionaires we are going to see once again swarms of hundreds of thousands of homeless people, homeless children, hundreds of thousands of beggars, they are mistaken. If they think they are going to reestablish a classist society, they are mistaken. In short, if they think they are going to reestablish exploitation of man by man in this country, I repeat, they are mistaken. [applause] If they think they are going to collect rents from the farmers once again, and pitilessly make them sweat, they are mistaken. If they think they are going to turn a large part, the vast majority, of our 300,000 professors and teachers into unemployed people, they are mistaken. [applause]

If they think they are going to leave hundreds of thousands of university graduates and intellectual workers without jobs, and that they are going to send them to weed sugarcane to earn a living, and by hand, all of it, and cut it, because capitalism was not able to bring in any machines—when they brought in a machine for something, when the population was 6.5 million, there was total protest and total resistance by the workers because they had turned machines into the enemies of men....

If we cut sugarcane and weed sugarcane, we do it voluntarily because the need to save the revolution, the

nation, and socialism has been imposed on us. [applause] If we have to make thousands of sacrifices, we will do so, but we impose them on ourselves to save the nation, the revolution, and socialism. That is why we do so. [applause, chanting] If we are willing to do all this, we do it as free men and women, the masters of our country, and not as slaves. If we are willing to make sacrifices, it is for something very much superior, not to live all our lives in humiliation and exploitation.

If we are willing to make sacrifices for one, two, three, or five years, we will make them, because we know that we stand for freedom, independence, the revolution, socialism, justice, and the future; because we are fighting for a future, and what we want is to preserve our right to that future. To those weaklings or cowards, or those with mercenary souls, or those who have never felt the nation's blessing in their souls, or who have never had the idea of justice in their minds or hearts; to those who say that the struggle has no future, we have to say once and for all that the only thing that has no future, the only thing that destroys any future, is not to have a nation, a revolution, or socialism. [applause, chanting]

Whoever surrenders the nation, the revolution, and socialism will never have any hope. We will defend that hope, which the nation, the revolution, and socialism give us, with our last drop of blood. [applause, chanting] We would rather die than be left without a nation. We would rather die that be left without the revolution and socialism, because the alternative is moral death, the most terrible of deaths. [applause, chanting] To those weaklings and turncoats, we must make our language and our firm, unshakable action felt.

It is necessary that our enemies know this. It is necessary that the imperialists and those willing to play along with them know this. In 1868 there was no oil or electricity. If we end up without oil or electricity, I say that in 1868 there was no oil or electricity, yet our comrades fought on for 10 years. In 1895, there was no oil or electricity, but there were those who traveled from one end of the island to the other in coaches or on horseback, and sometimes by sea. Our people were familiar with hard times.

I have said that when Bolivar began his fight for independence in Venezuela, which nowadays swims in oil, there was no oil or electricity. He fought throughout the continent in a noble effort to free and unite America. How much it has cost the peoples of this continent not to have taken advantage of that opportunity to be free and to unite! All these countries formally gained their independence, but were again subdued by the power of the empires. Unfortunately, today they are a galvanized- ...[correct himself] a Balkanized continent struggling for integration, for unity, in the face of the opposition, and ferocious pressures from the powerful empire that emerged in the north.

I say this because we have to be willing, if it is necessary ....[rephrases] We will not do anything that is not necessary, but will do everything that we can to avoid sacrifices for our people or to reduce to a minimum the sacrifices of our people. We will work, as we have said before, with courage and intelligence. Our enemies have to know that we are willing to defend our ideas and our cause at any cost, at any cost; [repeats] that we are willing to fight without limits. This country cannot be subdued in 100 years. [applause] There is no imperialist or reactionary able to withstand 100 years of fighting with our people, people who are willing to fight under any conditions, as we have said before, even under a complete occupation by the enemy.

The enemy cannot even imagine what kind of people they would have to face. If they were looking at you through a peephole, I believe they would think twice about it. If they had seen the Pioneers through a peephole, they would think twice about it. If they could observe the meetings of our workers through this peephole, or they toured our fields today, or saw the work of the contingents, or what the mobilized workers from the city accomplish, they would think twice about it.

If a year ago the problem was figuring out our people's willingness to participate in mobilizations, today the problem is how to ensure that no one lacks an opportunity to participate. There are many comrades, especially many women who have children or family, who cannot be mobilized for two weeks, and they beg that, even as an exception, they be allowed to go for one week. They cannot live without making a contribution, without adding their support.

If the enemy could observe what we see in the countryside and many other places, what we just saw a few days ago on 3 December—the 30th Brigade and a large number of students at the first congress were commemorating the anniversary of the Revolutionary Armed Forces the following day—if they could see the kind of people that I saw there, if they could have looked through a peephole, I believe they would entertain fewer illusions. This is why I say that we will defend our dreams. It would not be the first time that our people defended our dreams under very difficult conditions. It would not be the first time that we ourselves, our generation, must defend our dreams under very difficult conditions.

Here, we have had a little bit of everything. We had the Moncada and the need to resurrect the struggle once again; from prison, we renewed it. We had the Granma and the need to resurrect the struggle from zero, from almost complete oblivion. We had the Bay of Pigs, which was a complex plan to involve the OAS and provoke an intervention. Later, we had the October Missile Crisis, and the whole world knows that we did not yield. You yourselves well know that others yielded. Others were in a hurry to withdraw the missiles, but it was not us. We never asked anyone to withdraw even a single missile.

Why? Because we were willing to die before we submitted to the Yankee blackmail. [applause, chanting] I had just mentioned the Granma. I could have mentioned Alegria de Pio on the 5th [month not specified], when our congress began, or on the 6th, when we were in a small canefield buried under the grass, surrounded by soldiers day and night. That day, seven or eight planes had attacked us. There were three of us men with two rifles. We were three men with two rifles there. We had 30 bullets for one rifle and 80 for the other. That was all; we had nothing else. It was a day like today. Today is the 35th anniversary of that night when we were hiding in the grass. Once in a while we moved with great care in order to peel a piece of cane, and I promise you, comrades, that in those moments we did not lose even an iota of hope. [applause]

Neither did the country lose hope at any time. The country did not lose hope when Marti fell at Dos Rios. He died knowing that he died for what we have today, what we are defending today. [applause, chanting] When Marti died at Dos Rios, he knew that there would be men and women like you, willing to do what he did. When Maceo died at Punta Brava, he knew that he was dying for a people like this, you, and that there would be men and women capable of dying as he did.

Now the imperialists have become even bolder than ever. They will see what we are, what type of steel we are made of, full of thorns. I was saying some comrades have said that we are much more than that, that we are like a grenade, full of shrapnel and thorns, shrapnel and thorns. If an elephant were to swallow this grenade, it would certainly explode into a thousand pieces. [applause, chanting].

What a hypocritical empire! It speaks of human rights and international laws, but at the same time, it turns the naval base in illegally occupied Cuban territory into a concentration camp for Haitians, into a concentration camp for Haitians. [repeats] There are thousands there. They will not let them enter the United States. They are not Cuban counterrevolutionaries; they are Haitians. They have saturated the area with Coast Guard vessels to ensure that none will make it to the United States despite the terrible conditions in Haiti.

Thousands upon thousands of people travel in dinghies. For years we have had to help them when they land on our shores, when they are shipwrecked on our shores. Lately, as a result of the events in Haiti, this emigration has increased. There are more than 1,000 of them right now on Cuban territory. What the Yankees are doing is taking everyone they catch to the Guantanamo Base. They are violating everything, not only their hypocritical statements on human rights, but they have turned that base into a concentration camp for Haitians. Who knows how many more thousands will end up in there?

Guantanamo Province has for many years made sacrifices to help these immigrants every time that they are shipwrecked. These immigrants in general are seeking to make money, income that we do not have. They want to go to the United States but, I repeat, they are not Cuban counterrevolutionaries, and they are not wanted there. They are not accepted. They are returned to Haiti. They tell them that they are willing to take them to other places. Where are they going to take them, to Central America? To be as hungry as in Haiti? They want to go and work as immigrants where the Yankees do not do any hard labor. They know that the Yankees do not pick tomatoes in the Florida heat, or cultivate the land, or do any hard work. That is the work of the Haitians.

That is where they want to go. But the Americans are afraid of them for sanitation reasons, for health problems, for various reasons, and because they are despised, because they are despised. [repeats] Because they think they have enough. Because they do not have an immediate need for them. But, what are they going to do? How is this problem going to evolve? They are going to turn Guantanamo Base into a concentration camp for Haitian immigrants.

We also have this problem. The normal camps we had in the area of Maisi are no longer enough. We have to expand the camps, and we will have to prepare ourselves, inevitably, to house thousands of Haitians. It is possible. We will discuss these problems with the United Nations, especially because they want...[rephrases] they have emigrated in search of income that our country cannot give them. Our country could give them employment or work there, but under these conditions, we could not give them hard currency. We do not need them, but for humanitarian reasons, our country is willing to help them. We could offer them assistance because under the current conditions, they cannot return to their country.

We are not going to force them to return to their country, especially to the conditions that Haiti in going through, where a group of the military has taken over the government. They overthrew a government that was trying to help the people. But, on top of all our problems and needs, we will have to prepare ourselves for waves of immigrants who want to go to the United States, hounded by Yankee boats, with strong winds blowing, a growing number of boats capsizing, and a growing numbers of Haitian prisoners that the Yankees are concentrating at the naval base. Who will guarantee the health measures that should be taken? In our country, the health measures are guaranteed. We take all the necessary precautions.

There is a nunber of diseases such as malaria, for example. A large number of Haitians have malaria, and this could present a certain risk for our people, but we are taking measures. We are giving them medical treatment. We are trying to prevent the disease from spreading by treating all these cases. There are other diseases also. There is a high number of AIDS cases, for example, according to what we have heard. But we have no other option than to face this problem. What are we going to do?

We will not force them to go back to Haiti. It is a problem that we will have to put in the hands of the United Nations. Look, they are emigrants who are here because they were shipwrecked. Their aim is not to remain in Cuba. They have other aims. The United Nations should take care of the problem, but meanwhile, we will give them assistance, medical treatment, food, and anything else we may need to do. It would be impossible for us to act any other way. But we have the right to do this in our country. The Yankees are the ones who have no right to do what they are doing. They have converted that base in our territory in to a great concentration camp for Haitians. Look at what kind of country they are. Look at the respect they have for human rights.

Look at the respect they have for international law. That is imperialism, with its insolence and arrogance. These are problems of the world. If they believe that the crumbling of the socialist bloc has already given them victory, they are very wrong. We could also say they are mistaken. If they believe there is going to be peace in the world with the hunger that there is in the world—in the Third World, in Africa, in Latin America, and Asia—if they believe that the era of the revolutions has ended, they are mistaken again. They are mistaken. Because this kind of phenomenona, as I have mentioned before, these uncontrollable immigrations, are evidence of the situation in the world.

Now, if a Cuban counterrevolutionary arrives in Miami on a little boat dragged by the Gulf Stream, or on a raft, they will not return him. They will exalt him, they give him publicity and propaganda, spread the news around the world. They encourage that action, even though these people take the risk of dying on the way. They are constantly encouraging illegal departures from our country. However, since they are counterrevolutionary parasites, and they are not Haitians emigrating because of misery and hunger ....[changes thought] These are blocked by a entire fleet so they will not travel, and they are returned to Haiti, or concentrated in a concentration camp on the ntanmo Base.

The world will have all these types of problems. As you have said, our country represents hope for this world. The most fervent desire of all revolutionaries—the true revolutionaries in the world, those that have not allowed themselves to be fooled, anywhere in the world, and they tell us this—is that we may be able to resist. They want us to resist. [applause] Many people in Latin America and the rest of the world tell us: You must resist. The greatest tragedy for the Third World would be for Cuba not to be able to resist. This is what our friends and admirers say, and the country has millions and tens of millions of them, everywhere in the world, especially in the Third World. [applause]

Today we are therefore not only defending the interests, the honor, and the hope of our people, we are defending the interests, the honor, and the hope of millions and millions of people in the Third World. [applause] Anyone who thought that there would be even an iota of freedom left for the rest of the United Nations ...[corrects himself] for the rest of the Latin American nations if the imperialists ever crushed Cuba and turned it back into a colony, is wrong. Because if they are able to destroy even this unshakable trench, there would be nothing left that could resist them. Only the people could resist, and it would be a long, hard, and terrible fight, for independence, what little independence the Latin American countries have today. Many leaders of those countries know it; they would be lost if the imperialists ever succeded in crushing the Cuban Revolution. Marti's greatest concern would be fulfilled; the empire would fall like one more force upon the peoples, it would spread like one more force over all the Latin American countries.

Therefore, today we are defending even that most heartfelt feeling, Marti's conviction and great desire. He fought back then for Cuba's independence. We are fighting today to maintain that independence [applause] with the same passion that he had, and with the same zeal as he did. Never, comrades and delegates, did so much responsibility, honor, and glory fall upon the shoulders of a people. [applause]

This congress reaffirms our convictions. It reaffirms our hope; it reaffirms our faith in victory. You said that our country would never be defeated, that the revolution would never be defeated. I can say that when I look at you, listen to you, and observe you, I am absolutely certain of the conviction that people and a country like this one, and young people and students such as these, can never be defeated. [applause] Socialism or death, fatherland or death, we will win!

Government Offers To Free Political Prisoners

FL1212135191 Bonaire Trans World Radio in English 1130 GMT 12 Dec 91

[Text] Cuba has offered to free a group of political prisoners from jail if they agree to go into exile in the United States. The U.S. has concern that the offer was made, but says it wants to know first if the residents themselves want to leave Cuba. The U.S. says they are ready to interview anyone who wants to leave the country.

Castro Meets With Church Representatives

FL1312132091 Havana Tele Rebelde Network in Spanish 1200 GMT 13 Dec 91

[Text] Commander in Chief Fidel Castro, president of the Councils of State and Ministers, has met for several hours with representatives of the national church councils from the United States, Canada, the Caribbean, and Latin America, as well as the World Council of Churches and the Cuban Ecumenical Council and their member churches and institutions.

During his talk with these representatives, who are participating in the Continental Pastoral Meeting with

the Cuban church and people, the commander in chief spoke about various aspects of the situation in our country and the continent, and about the different ways in which those institutions have expressed solidarity with the Cuban church and people.

Ciego de Avila Increases Pineapple Production

FL1212152191 Havana Radio Rebelde Network in Spanish 1255 GMT 12 Dec 91

[Text] Workers at the biotechnology laboratory of the pineapple enterprise in Ciego de Avila have fulfilled this year's plan by producing over 100,000 pineapple seedlings in vitro. The amount produced, through the application of science and technology, equals the amount needed to plant 3 caballerias with the red Spanish variety. A yield of 5; tons per hectare was obtained with this type of seedling, in comparison to the 39 obtained by conventional methods.

The goals of increasing the production of seedlings, improving the current variety, and searching for other varieties with better qualities are assured by Ciego de Avila's potential in pineapple production, which should increase to over 800,000 quintals this year.

Gorbachev's Possible Resignation Reported

FL1212234091 Havana Radio Reloj Network in Spanish 2258 GMT 12 Dec 91

[Text] During a news conference at the Kremlin, Soviet President Mikhail Gorbachev has asserted that he is ready to resign if an amorphous structure is established instead of a confederation of states and warned that if his plan is rejected, his principles will not permit him to remain in his post. According to the Mexican news agency NOTIMEX, Gorbachev added that the current process will cause the disintegration of the country and could result in an increase of the anarchy and a fascist style dictatorship.

The Russian Parliament dealt another blow, maybe the definite one, to the USSR by rejecting, by a vast majority, Lenin's 1922 treaty which established the Soviet Union. Nevertheless, Yeltsin said that the central structures of the USSR will continue to exist while the republics make a decision on the Minsk Accord to integrate the newly-formed commonwealth.

UN Commissioner on Haitian Refugee Camp

FL1212140591 Havana Tele Rebelde Network in Spanish 1300 GMT 12 Dec 91

[Interview with Dr. (Chil Vinderbaum), head of the regional office of the UN High Commissioner for Refugees, by unidentified reporter; place and date not given—recorded]

[Text] [Reporter] For more than 10 years Cuba has maintained the National Transit Camp to aid immigrants and refugees. What is your opinion of Cuba's policy in this regard?

[(Vinderbaum)] Well, the Cuban Government's humanitarian and apolitical—as I would call it—policy deserves full acknowledgement by the international community because it has in fact supported, during very difficult times, people who were really very much in need.

[Reporter] Over the past few days, you have been able to tour the camp. What is your opinion of the treatment the Haitian immigrants are receiving there?

[(Vinderbaum)] Well, we visited the camp....[rephrases] On Sunday night, I returned to Guantanamo. We were there for two days visiting the camp, talking with all the municipal authorities, the camp authorities, and the Red Cross people, and we saw a little bit of the life in the camp. It is a little difficult, naturally, to provide very good treatment right now because there are more people than the camp has capacity for. However, there has been organization and an efficient response to this massive inflow which has occurred, especially starting in November. The response really is impressive because the Haitians' basic needs have been met quite efficiently, especially considering such a great inflow of people.

Castro Attends Reception at DPRK Embassy

SK1212051191 Pyongyang KCNA in English 0418 GMT 12 Dec 91

[Text] Havana December 10 [date as received] (KCNA)—A reception was arranged today at the embassy of the Democratic People's Republic of Korea in Havana upon the conclusion of the Cuban visit of Kim Yong-sun, secretary of the Central Committee of the Workers' Party of Korea, who is the special envoy of Comrade Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea and president of the Democratic People's Republic of Korea.

Invited to the reception was Comrade Fidel Castro, first secretary of the Central Committee of the Communist Party of Cuba, president of the Council of State and president of the Council of Ministers of the Republic of Cuba.

Carlos Aldana, Politburo member of the Central Committee of the CPC; general coordinator of the External Relations Department of the CPC Central Committee Fernando Ramirez and director of the centre for the study of Asia and Oceania Melba Hernandez who are members of the CPC Central Committee; and other officials concerned were present at the reception on invitation.

Present there were the special envoy and his party, DPRK Ambassador Pak Chung-kuk and his embassy officials.

Fidel Castro Meets With Korean Official

SK1212050091 Pyongyang KCNA in English 0415 GMT 12 Dec 91

[Text] Havana, December 10 [date as received] (KCNA)—Comrade Fidel Castro, first secretary of the Central Committee of the Communist Party of Cuba, president of the Council of State and president of the Council of Ministers of the Republic of Cuba, today met Kim Yong-sun, secretary of the Central Committee of the Workers' Party of Korea, who was on a visit to Cuba as a special envoy of Comrade Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea and president of the Democratic People's Republic of Korea.

On the occasion, the special envoy conveyed the greetings of Comrade Kim Il-song and Comrade Kim Chong-il to Comrade Fidel Castro.

He also conveyed a personal letter and verbal message of Comrade Kim Il-song to Comrade Fidel Castro.

After expressing deep thanks for this, Comrade Fidel Castro asked the special envoy to convey his heartfelt greetings to Comrade Kim Il-song and Comrade Kim Chong-il.

A friendly conversation took place on the occasion.

Canary, Balearic Islands Delegation Arrives

FL1312132591 Havana Tele Rebelde Network in Spanish 1200 GMT 13 Dec 91

[Text] A large delegation of businessmen, mayors, city council members, and reporters from the Canary Islands and the Balearic Islands arrived last night in our country. The delegation includes Gabriel Escarrez, president of the Hotelero Sur Group. As the rest of the visitors, he was met at Jose Marti Airport by Jose Ramon Fernandez, vice president of the Cuban Council of Ministers, and other government officials.

The Canarian delegation will participate shortly in the dedication of the Melia-Varadero Hotel, a five-star hotel located on that beautiful beach in Matanzas Province. Leonor Perez, a representative of the executive council of the Cuban-Canarian National Association, also met the visitors at the airport. Interviewed by reporters at Jose Marti Airport, Mr. Escarrez, the president of the Hotelero Sur Group, mentioned Cuba's magnificent characteristics for tourism development.

[Begin Escarrez recording] We are betting on Cuba for several reasons. First, we consider that the island has the attractions tourists expect to find; that is, an ideal climate, fabulous beaches, friendly and charming people, hotels which are now at the level of any in the Caribbean, and it is a very interesting alternative destination. So it would be hard to pay too much for these requirements. That is why we are very much betting on Cuba. [end recording]

Dominican Republic

Balaguer Refuses To Resign, Will Not Run in '94

FL1212223191 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1600 GMT 12 Dec 91

[Excerpts] President Dr. Joaquin Balaguer has characterized 1991 as a positive year. As examples of this year's achievements, Balaguer mentioned that inflation had been controlled, an agreement had been reached with the IMF, and many important projects for the country had been constructed. President Balaguer said that because of these factors there is no reason for pessimism, and what we need to do now is work with enthusiasm so that 1992 will be a better year than 1991. The president expressed that the controlled inflation and the agreement reached with the IMF are two very positive factors that have had a considerable effect on the national economy.

On another matter, President Joaquin Balaguer reiterated that he would not resign from his office as president of the Republic, in reference to the strike proposed by the Dominican Liberation Party [PLD] to demand his resignation. President Balaguer said that whoever wants to become president must wait for the 1994 elections. Commenting on the PLD's position, Balaguer said that if he has to advise once again to the political leaders that they must wait until 1994, he will do so through all necessary channels.

Furthermore, President Balaguer reiterated that he does not wish to run again for president of the nation due to his age and health. President Balaguer said that the Christian Social Revolutionary Party must organize itself and hold a convention to select the candidate who will represent that political party in the 1994 elections.

[Begin Balaguer recording] I have spoken about my age and health. They [not further identified] will not allow me to participate in those elections. I would like to say this and assert this categorically, firmly, and quite clearly so that there will be no doubt in this regard and so that the party will have enough time to find another candidate. The party must try not to become divided, and must run in the 1994 elections powerfully united. If the party becomes disunited, it definitely would be disastrous. I think that there should be a democratic convention at a suitable time to choose a candidate, and that choice should be respected and supported by all the (?members of the party). [end recording] [passage omitted]

President Dr. Joaquin Balaguer spoke at his customary Thursday news conference after dedicating two roads in Cutupu, La Vega, constructed by the government at a cost of over 3 million pesos. The main speech at this dedication was given by Eduardo Estrella, secretary of public works and communications. Estrella viewed as positive Balaguer's efforts in building roads in the various agricultural communities of the country for the development of agriculture.

Haiti

Senators 'Satisfied' With Dominican Visit

FL1212195591 Port-au-Prince Radio Metropole in French 1145 GMT 11 Dec 91

[Excerpts] Haitian senators are satisfied with their visit to the Dominican Republic, having obtained from the Dominican Senate president a formal statement calling on the OAS to lift the embargo against Haiti. The Haitian lawmakers also met with high-ranking members of the Dominican Republic during their stay in the neighboring country. Rotchil Francois, Jr. has details.

[Begin recording] [Rotchil] The Dominican Chamber of Commerce was the entity responsible for the series of talks held betweeen the Haitian senators and their Dominican counterparts. After three days in the neighboring Republic, the Senate delegation's satisfaction was expressed in a statement by Dominican Senate President Jose Osvaldo Leger asking the OAS to lift the embargo against Haiti.

According to Senator Serge Joseph, who was part of this delegation to the Dominican Republic, these series of meetings allowed the senators to describe the miserable conditions which prevail in Haiti as a result of the embargo. The senators also stressed to their Dominican counterparts the impact this sanction is having on the Dominican Republic as well, with the return of the exodus phenomenon. Senator Serge Joseph expressed optimism, and said he remains convinced that the OAS will lift the embargo. [passage omitted] [end recording]

Senator Dejean Belizaire, heading the Haitian delegation in the Dominican Republic, again strongly criticized the embargo, arguing that the prestige of the OAS is being threatened by this criminal act. This measure is making Haiti pay a high price and, according to Senator Belizaire, is wreaking disaster on the Haitian political, economic, and social situation. A delegation of Dominican senators is expected in Port-au-Prince on 12 December. This visit will help the Dominican legislators realistically assess the situation in Haiti.

Radio Director Feared Dead; Journalists Afraid

FL1212133391 Bonaire Trans World Radio in English 1130 GMT 12 Dec 91

[Text] The director of a Haitian radio station is feared dead after being abducted on Tuesday by unidentified gunmen. Sources who ask to remain anonymous say Felix Lamy was kidnapped and his station, Radio Galaxie, shot up after a news broadcast concerning the country's military government.

Radio Galaxie had broadcast reports saying that Port-au-Prince Police Chief Major Michel Francois had refused to obey an order removing him from his post. Maj. Francois has been identified as one of the instigators of the September 30 military coup that ousted President Jean-Bertrand Aristide. The witnesses reported seeing Mr. Lamy handcuffed and led from the station in Port-au-Prince and then driven away in a jeep. Nothing is known of his whereabouts. No one has claimed responsibility. The military authorities stated that they had nothing to do with it. Following the incident, Radio Metropole also suspended news broadcasts.

This is the latest in a crackdown on Haitian journalists since the coup. One journalist has been shot to death and more than 20 have been arrested since September 30. Most of the arrested ones were later released, but Paul Jean-Mario, a reporter for independent Radio Antilles International, who was taken on November 14, is still in jail in Petit Goave. That is 40 miles south of Port-au-Prince.

Four radio stations have been ransacked by soldiers and the names of journalists have been given to government immigration authorities to prevent them from leaving the country. Most Haitian journalists went into hiding after the coup for fear of reprisals against them. Early in October, Radio Lumiere went off the air after Army troops came looking for their director after a news broadcast reporting the military coup. Only military-controlled national radio and television are broadcasting news now in Haiti.

Further on Radio Galaxie Attack, Abduction

FL1212180991 Port-au-Prince Radio Nationale in French 1200 GMT 12 Dec 91

[Item monitored in progress; italicized passage in Creole]

[Excerpts] [Begin correspondent Julio Hyacinthe recording]*Mrs. Felix Lamy said that her last contact with her husband, Felix Lamy, owner and director of Radio Galaxie, occurred on 11 December at 0050 GMT. She added that witnesses in the area informed her that her husband had been kidnapped by seven armed men who took him away in an Izuzu Trooper. She noted that he had been receiving many anonymous calls. [passage omitted]*

According to a source in Port-au-Prince, the police are doing all they can to locate Radio Galaxie General Manager Felix Lamy. Radio Nationale is following this very closely.[end recording]

[Announcer] Yes, Radio Nationale is following this matter very closely because Felix Lamy is a former Radio Nationale colleague, a well-known colleague, very appreciated by the public. An inquiry was made with the Port-au-Prince police, and an investigation was initiated on this matter. The first results of this inquiry reveal that the garrisons of the capital have received no prisoner by the name of Felix Lamy. Let us listen to a statement by the Port-au- Price Military Department.

[Begin unidentified speaker recording] The Port-au-Prince Metropolitan Area Military Department was astounded to learn that on the night of 10-11 December,

citizen Felix Lamy, owner of Radio Galaxie, which is located at Rue Pavee, was abducted by unidentified armed individuals in a red Izuzu Trooper vehicle without plates. This military command contacted all military posts that night, but none had the name of the well-known announcer, Felix Lamy, in their records. This military department asks the population and journalists of Radio Galaxie to assist the investigation by providing any information that could lead to the recovery of Mr. Lamy, or to shed light on this odious abduction.

The police condemns this terrorist act as destructive to the public order. They also believe it marks the beginning of a series of macabre plans initiated by a well-defined sector, aimed at destabilizing Haitian society. While calling on the public to display calm and prudence, and urging media managers to advise the police of any threats against them, by requesting in writing physical security for their radio stations, this military department advises that the forces of order will take the most extreme measures against these perpetrators so that the law can finally be enforced.

Signed by the Metropolitan Area Military Department.[end recording]

Returning Refugees Arrested for Questioning

FL1312131791 Bonaire Trans World Radio in English 1130 GMT 13 Dec 91

[Text] United Nations High Commissioner for Refugees says a group of 73 Haitians who returned home voluntarily early this month have been arrested and questioned by Haitian authorities even though they were assured that they would not be. The Haitians were released several hours later after questioning. The incident occured on December 1, but was only reported yesterday by the NEW YORK TIMES newspaper.

Meanwhile, the mayor of Port-au-Prince, Evans Paul, says ousted President Jean-Bertrand Aristide has proposed a new candidate for prime minister in order to facilitate his return to power. Mr. Paul says the nominee is the head of the National Congress of Democratic Movements, Mr. Victor Benoit. Haitian lawmakers must agree to the nomination. They say they have not officially received any proposal as yet.

Meanwhile, all of the capital's private radio stations have ignored an Army appeal to resume regular broadcasting of their news. The stations canceled their news reporting after unidentified gunmen attacked Radio Galaxie on Tuesday night and kidnapped its director. His whereabouts are still unknown.

Parliament Members Interviewed on Crisis

FL1212233491 Port-au-Prince Radio Nationale in Creole 1400 GMT 12 Dec 91

[Report by correspondent Jean-Marie Ferari—recorded]

[Text] [Ferari] From the beginning of the fifth round of negotiations hosted by the OAS, observers have focused on Article 137 of the Constitution which Mr. Ramirez Ocampo, head of the OAS mission, is considering as a constitutional solution to the crisis the country is currently facing. In line with Article 137, the president, in conjunction with the two chamber presidents, is to choose a new prime minister. According to Mr. Ramirez Ocampo, the new prime minister will reorganize institutions, professionalize the Army, and ultimately, plan the return to power of Mr. Aristide.

Today, several parliamentarians commented further on that proposition. According to Deputy (Walto) Augustin, of the Assembly of Progressive National Democrats [RDNP], we must make it our responsibility and tell the people the truth today.

[Augustin] We must make it our responsibility to tell the people the truth. We must tell the plain truth. Now, what can we do? What decision will we make? Should we support Aristide after having already applied Article 149? This is a dilemma. I no longer see myself in this. I do not see how we can go back to Article 148 [number as heard]. The OAS seems to be involved in a situation that it does not completely understand. It acted quickly, making decisions and then violating its fundamental charter.

[Ferari] For RDNP deputy, (Walto) Augustin, the Parliament must try today to make the OAS understand that it has made a mistake and that it must reconsider its decision, because according to Deputy Augustin, we cannot tear up our Constitution.

[Augustin] I want the OAS to understand what I just said because they made a mistake. It entered too quickly into a situation and made hasty decisions. I do not know if it is because we are a small country and therefore the OAS does not want to lose face in front of us.

[Ferari] Deputy Augustin made a critical analysis of the situation and went on to say that a complaint should be filed against the OAS. The deputy also thinks that the Haitian Parliament should ask all Latin American parliaments to thoroughly analyze the situation in Haiti. For the RDNP deputy, the solution will come as the result of elections. According to him, elections are the inevitable means of solving the current situation.

We also went to the high chamber and we met with the senator from the northeast, Firmin Jean-Louis. He was not as emphatic as Deputy Augustin.

[Jean-Louis] Many people are saying that the Constitution must be applied. If it were simply applying the Constitution in order to solve the crisis, the crisis would have been solved already. I do not think it would have taken us two months, two-and-a-half months, or three months to put an end to the crisis. We would just have applied the Constitution and the problem would have been solved. But this is not the case. Despite the application of Article 149, the situation has remained the

same. Well, it is the duty of the Parliament, the duty of all responsible persons, and all responsible politicians to think of political solutions to a crisis that has lasted too long in the country already.

[Ferari] Senator Firmin Jean-Louis said we must not forget about the embargo imposed on us. He added, however, that applying Article 137 is not enough and that it does not correspond to the many complexities of the situation. Senator Firmin thinks that other articles would need to be added to the Constitution and other considerations made if Article 137 were to be adopted.

Deputy Josue Lafrance did not share the senator's opinion at all and said so very clearly: It is unbelievable that we are discussing choosing a new prime minister or the return of Father Jean-Bertrand Aristide to power today. The deputy thinks everything being done now is political gymnastics...

[Lafrance, interrupting] Because the embargo will be lifted by itself. One will see that one will get what one needs from day to day and that everything will come as if by magic and (?even in excess). Do you understand me? I am not even going to mention the embargo matter because we will not be hearing about it in a few days.

You said that.... [changes thought] We must finish this with elections, must we not? That is certain. Do you understand? We have things under control. The OAS has realized that they took action too hastily and that they violated their own charter. They are now trying to see if they can save face. They know very well that Aristide cannot come back to this country and Aristide knows this. What is being done is political gymnastics, my brother. Even though.... [changes thought] I am giving you my personal guarantee.... [changes thought] Even though the OAS wanted to put him on a plane so he could return, he will not really return.

[Ferari] As you can see, we have tried to meet with all the political factions within the [legislative] chamber on the current national crisis without excluding anyone. The three parliamentarians we interviewed today said more. They even initiated calls. [sentence as heard] You will have the opportunity to hear all that they said later.

St. Vincent and the Grenadines

Government To Send Four-Member Mission to Cuba

FL1212234391 Bridgetown CANA in English 2131 GMT 12 Dec 91

[Text] Kingstown, St. Vincent, Dec 12, CANA—The St. Vincent and the Grenadines Government is sending a four-member mission to Cuba on a week-long visit to explore possibilities for assistance in health, environmental, and cultural matters, foreign affairs officials here said Thursday. The delegation, which leaves here on Friday, will comprise St. Vincent's Washington-based United States ambassador, Kingsley Layne; Alpian Allen, parliamentary secretary in the Ministry of Health and the Environment; chief medical officer, Harold Rampersaud; and cultural officer Anthony Theobalds.

It is the first time a government delegation will undertake a co-operation mission to Cuba. Seven Vincentians are on government-accepted scholarsips to Cuba. The James Mitchell administration reversed the policy of the former Labour Party government which refused to accept Cuban scholarships and denied Cuban-trained Vincentians jobs. Several Cuban-trained Vincentians and Dominican nationals who are refused government employment at home are now employed at different levels in the government service here.

Prime Minister Mitchell, following talks with Cuban officials at a regional economic conference in Trinidad this year, indicated an interest in developing diplomatic links with Cuba.

Continued Embargo Against Haiti Supported

FL1312000791 Bridgetown CANA in English 2205 GMT 12 Dec 91

[Text] Kingstown, St. Vincent, Dec 12, CANA—The St. Vincent and the Grenadines Government wants the Organisation of American States to continue economic sanctions against Haiti, an OAS spokesman has reported. OAS Assistant Secretary General Christopher Thomas told journalists Wednesday following consultations that Prime Minister James Mitchell was "unequivocal in his support for (the) continuation of sanctions".

He said Mitchell was "categorical in his position that the constitutionality of (deposed Haitian) President (Jean-Bertrand) Aristide's government should be respected and the will of the people recognised."

The OAS organised the sanctions against Haiti in a bid to get Aristide, toppled by the Army September 30, reinstated. Some persons have recommended relaxing the trade embargo, saying it was hurting the majority of Haitians.

Thomas—a Trinidad diplomat—and his personal advisor Michael Alleyne, on Thursday were winding up a round of consultations and with Caribbean governments to "provide the basis for further dialogue in the (OAS) Permanent Council on how to proceed with the Haitian issue" especially in light of reports that the OAS-imposed sanctions were creating serious hardships for Haitians.

Ambassador Thomas said Caribbean governments have generally been supportive of retaining sanctions, adding that although no time frame had been set he hoped the sanctions would have their effect "as quickly as possible." The diplomat said further action on the Haitian issue should be made soon following reports from the OAS humanitarian and civilian missions sent to Haiti.

Trinidad and Tobago

Voting Begins Prior to Official Poll Date

FL1212233391 Bridgetown CANA in English 2034 GMT 12 Dec 91

[By Linda Hutchinson]

[Text] Port-of-Spain, Trinidad, Dec 12, CANA—Trinidad and Tobago's policemen and Army officials were casting their ballots Thursday, ahead of the general population which votes for a new government on Monday. Elections and Boundaries Commission's public relations officer, Natalie St. John told CANA that over the next three days, members of the protective services, polling agents, persons who work offshore, pilots, air-hostesses, prisoners on remand, and approved patients in public or private hospitals would vote.

Thirty-four seats in Trinidad and two in Tobago are at stake in the general election. The commission received 8,000 special application from persons wishing to vote ahead of the general population. Forty-four polling station throughout the twin-island state have been set up to deal with the special ballot.

Some 142 candidates are contesting the elections. There is a full slate of 36 from the ruling National Alliance for Reconstruction (NAR) and the People's National Movement (PNM). The United National Congress has 35 and the National Joint Action Committee 30. There are also five independent candidates.

The voting takes place against the backdrop of concern about violence. An election candidate of the ruling National Alliance for Reconstruction (NAR) was among several persons injured during a bottle and stone throwing incident on Tuesday, police and an NAR spokesman said.

Political newcomer Dr. Allen Sammy, seeking to retain the San Fernando West seat for the NAR in next Monday's general elections, was reportedly struck, causing instant swelling of his right arm. Six NAR activists were also slightly injured and two cars damaged in the incident which occurred as the NAR was holding a public meeting in Embacadere, a community in San Fernando West.

"We believe this attack was politically incited," said NAR spokesman Lennox Raphael. Police were investigating.

* Army, PJF 7 Nov Veracruz Clash Reviewed

92CA0048A Mexico City PROCESO in Spanish No 785, 18 Nov 91 pp 6, 8-11

[Report by Homero Campa]

[Text] Veracruz, Veracruz—On the morning of Thursday 7 November Army troops and agents of the Federal Judicial Police (PJF) were involved in an armed confrontation at a place called "Llano de la Vibora" in the municipality of Tlalixcoyan, Veracruz.

The clash took place after a plane from the Office of the Attorney General of the Republic (PGR), a King Air, in which 10 agents of the PJF were traveling, landed at a clandestine strip where a light plane carrying drugs, which the agents were pursuing, had arrived moments before. A shoot-out then began with army troops who were near the landing strip.

According to the official reports, seven agents were killed, and one soldier was wounded; 370 kg of cocaine were seized, and oddly enough the drug traffickers managed to escape.

Two joint communiques from the Secretariat of National Defense (Sedena) and the PGR concluded before the investigations had been completed that it was all due to confusion among members of the two institutions.

The events, as well as subsequent testimony and investigation, do not square with the communiques and raise the following questions:

What was the Army doing at a clandestine landing strip? How did a station wagon loaded with barrels of aircraft fuel get there? Who really opened fire first? What did the surviving PJF agents and the military personnel who were involved in the incident testify? What was the PGR plane that had detected the drug traffickers' plane and was supposedly filming the incident doing in the meantime? Who has that videotape and why is it not being made public? Why, according to expert evidence, were coups de grace fired? Why has the case been closed even before the investigations are over? Why are the investigations not being made public?

And the big question: How could the drug traffickers have escaped in the midst of two operations designed to nab them?

Both institutions are sidestepping these questions and referring back to the bulletins that they have issued.

Ministry Statements

The three surviving policemen testified on Thursday the 7th and Friday the 8th before the agents of the Federal Public Prosecutor's Office (MPF) assigned to the port of Veracruz. They are: the commander of the group, Eduardo Salazar Carrillo, and pilots Jorge Orrino Iriza and Jose de Jesus Rodriguez Garcia. Their testimony was incorporated into the huge file marked with the number 307/91. Based on their testimony the events have been reconstructed:

On the early morning of Thursday the 7th the P-33 aircraft of the Drug Enforcement Agency (DEA), which covers Central and South America, reported via satellite that an aircraft presumably carrying drugs had entered Mexican territory.

The Aerocommander XC-HGG of the Interception Directorate of the PGR took off from the base in Tapachula, Chiapas; the PGR had located the suspicious plane at 3,000 feet above sea level over Chacalaltic, Chiapas. The PGR Aerocommander followed the course of the plane from 10,000 feet. Using its modern tracking and computer equipment, it began filming its route and movements.

Almost at the same time, the PGR air base in Merida, Yucatan sent up a recently seized Air King (registration N68KA) with seven agents of the Federal Judicial Police to arrest the alleged drug traffickers when their plane landed.

The King Air caught up with the drug traffickers' aircraft, a Cessna Centurion 210 with the superimposed registration XA-LAN, as it was circling several times before landing at a spot called "Llano de la Vibora" in the municipality of Tlalixcoyan, Veracruz.

It was 0615. The sun was already up, and, in contrast to the version in the first PGR bulletin, there was sufficient daylight. From the air the PGR agents watched the light plane land and also saw the two drug traffickers, one of them apparently a woman, jump out and run towards a stand of nearby trees. They also saw Army troops taking up positions. They circled once more and decided to land.

Their plane had not yet come to a stop when they were greeted by a hail of bullets from the soldiers. They jumped out of the plane and took cover behind it. They shouted: "Federal Judicial Police, do not shoot." But the hail of bullets thickened. One of the pilots says that he fired back until he ran out of bullets. The others deny having fired, because there was not enough time. According to them, there were a great many soldiers, more than 100. And they were firing from all sides, as if they had them surrounded. One of the policemen tied a white sports shirt to the barrel of his weapon and walked forward. He was gunned down. The others ran for their lives. The commander and the two pilots fell into a mud-filled ditch as they fled. They stayed there, motionless, until the crew of the PGR Aerocommander that had remained airborne, filming the incident, arrived.

This, in summary, is the version of the survivors.

It was after 0900 that the agents of the PJF stationed in Veracruz arrived; headed by Commander Marco Antonio Munoz Valdez, they had been notified by radio from Mexico City and had gotten ready to support the

operation. With them were an agent of the MPF and the deputy representative of the PGR in Veracruz, Fernando Vazquez Chelius. A military barricade formed by three companies (close to 100 soldiers) prevented them from getting through.

The Dispute Over the Bodies

From a distance they could see the three aircraft (the PGR planes some 300 to 600 meters from the drug traffickers' craft), the drugs, which had been unloaded from the Cessna, and a station wagon loaded with drums of aircraft fuel. The station wagon was white and red, with license plate LR-7393, and bore the trade name "Mauro N," "Productos Agricolas Frutas y Legumbres" [farm produce, fruits and vegetables].

They could also see their surviving colleagues, who were being detained, and the bodies of the seven agents scattered about. They argued with, shouted at, and threatened the soldiers, but it was all in vain. The blockade did not budge. General Alfredo Moran Acevedo, the commander of the Sixth Region and the 26th Military Zone, who was already there, gave orders not to let anyone through. The deputy attorney general of the republic for the southern zone, Octavio Porte Petit, had to helicopter in, spoke for 10 minutes with General Acevedo, and left.

It was past noon when the soldiers gathered up the seven bodies and put them in a military ambulance (number 0004195) that took them to the Institute of Forensic Medicine (Inmefo) in the city of Veracruz. No one saw the wounded soldier.

The bodies of the agents entered Inmefo at 1330. Soldiers had occupied the facilities an hour before. Then came agents of the PGR, who surrounded Inmefo.

Deputy Attorney General Porte Petit and General Acevedo met. They agreed that the autopsy would be performed by institute personnel, under the observation of a military physician and a PGR physician. Prosecutor Manuel Guevara Ortiz issued the order in writing. Doctors Angel Aguirre, Gil Trujillo, and Francisco Delgado Druailet, the chief of the forensic medicine service, coordinator of Inmefo, and an Inmefo physician, respectively, were designated for the job.

Dr. Aguirre relates: "There was total confusion. Everyone shouting. Orders and counter-orders. Four times they told us to perform it, but then other individuals arrived and said definitely not. When they gave us the order in writing, we began the external examination. We removed the clothing and did an inventory of it. We opened up two of the seven bodies, but as we were going to start the autopsy surgery, people from the PGR came in and stopped it."

Dr. Gil Trujillo says in conclusion: "There was friction between them (the Army and the PGR). They shouted and fought. They could not agree on how to conduct the autopsy. A representative of the PGR arrived and gave us a tongue-lashing. I got in touch with the chief justice of the Superior Court of Justice of the state, Miguel Nava, and told him what was going on; he ordered us to leave and evacuate the Inmefo. We did so. It was around 2100."

Finally, the autopsy was performed by Dr. Ramon Fernandez of the PGR. It began at 0900 the next day, after the Secretariat of National Defense and the PGR had agreed that the bodies should be turned over to relatives.

Training Camp

"Llano de la Vibora" is a plateau in the municipality of Tlalixcoyan some 60 km south of Veracruz. It can be reached by a rugged dirt road that begins at the Veracruz-La Piedra state highway. The plateau, which is just pastureland with no obvious hollows or mounds, has a row of trees on one side and on the other a barbed-wire fence that, unlike other local ones, is well constructed: firmly set and aligned posts and taut barbed wire. The plateau is a natural landing strip.

On Sunday the 10th some 10 PGR experts were gathering information under the close watch of troops, who were still in control of the landing strip and the aircraft. At a camp by the entrance to the landing strip the commander of the 26th Military Zone was eating in the company of "senior members of the Army who had arrived from Mexico City."

Captain Moguel from the 13th Infantry Battalion motioned to stop the reporter from entering.

"I only want to talk with him...."

"The general tells me that all of the information will be provided to you in Mexico City. He has nothing to report."

Eight families from an ejido called "El Buey" live some 500 meters from the landing strip. They are humbly dressed peasant farmers who live in wood and bamboo huts. They till small plots of land and milk cows.

Cheerful and polite, they offer the reporter a glass of water and their version of the events.

"The sun was already out. We had already gotten up. It was nice and bright, as if it was noon. The planes arrived and kept circling around. They buzzed right over the houses. Then they landed, and the shooting started. It sounded like a lightning storm. We heard the bullets whizzing by and we threw ourselves to the floor, until it was all over," comments Maria Luisa Lopez.

"I thought they were practicing," says Tomas Martinez Lara, 48. "Since they come every dry season supposedly to do their military exercises, I just thought that was what it was."

"Does the Army conduct military exercises there?"

"During the dry season they come right in and do their exercises there and practice shooting. They are good boys. They do not bother us. Mrs. Teresa sells them tortillas and soda."

Mrs. Teresa confirms his story: "Yes, they come during these months." And she points to the empty soda boxes and the griddle full of tortillas. "They came once before the shoot-out. And the night before they came again," she adds.

They all agree: The "men in green" go right to Llano de la Vibora during the dry season, using it as a training ground. None of them, however, recalls other planes landing at the strip.

The DEA Video

On Tuesday the 12th PGR experts were working on the autopsy, ballistics, and criminology reports at the PGR office in Veracruz (on the upper floors of the so-called Federal Palace). Three of them were tracing a paperboard map of the clandestine landing strip, the landing pattern, the location of the planes, the positions of the Army, and the spots where the bodies were found.

"We are reconstructing the events," explains one expert, "and we are going to fix them because what they did was disgraceful."

According to the findings of the expert investigations (included in file 307/91) the soldiers fired at pointblank range. Two of the PJF agents showed wounds in the buttocks. To judge from the size of the holes, the bullets must have been fired from less than 11 meters. Another body, that of agent Miguel Marquez Santiago, showed a bullet wound in the mouth. Traces of powder were found on his palate. It was apparently the coup de grace.

The "rodizonato" [not further identified] test proved positive on only one of the deceased agents.

The PGR personnel in Veracruz spoke of a videotape that had presumably been made from the Aerocommander that had left from Tapachula, Chiapas; the plane relayed it to a telecommunications satellite, from which the DEA picked it up. The tape must be in the possession of the chief of the PGR, Ignacio Morales Lechuga, and in the hands of the DEA too.

On the same table where they were sketching the map to reconstruct the events, the experts read the second joint PGR-Sedena communique, which confirmed the account that everything was due to mistaken identity.

Surprised and indignant, they could not believe their ears.

"What? But we have not even finished the tests, nor has the preliminary inquiry been completed...."

"They are disgraceful. Look, it says here that the policemen fired first...."

A day before, the PGR representative in Veracruz, Francisco Montes de Oca, told this reporter: "This is going to take some time. The investigation is just starting. Laboratory tests are still needed. I think that it is going to take at least a week. Besides, all of the information is already in Mexico City. I think that they can provide better information over there."

By the evening of Thursday the 7th, as the investigations were just getting under way in Veracruz, the Defense Secretariat and the PGR were saying in Mexico City that they already knew what had happened. In their first joint communique the two institutions indicated that everything was due to mistaken identity between the Army and the Judicial Police. Without waiting for the investigations to conclude, and in spite of evidence to the contrary, they confirmed this version seven days later.

Previous Incident

The PGR apparently forgot that just 12 days before the incident at Llano de la Vibora the General Directorate of Interception had called the regional headquarters of the PJF in Veracruz to report that a drug traffickers' plane had landed in the town of Carlos A. Carrillo.

Fernando Vazquez Chelius, an investigative agent of the Federal Public Prosecutor's Office and currently a deputy representative of the PGR in Veracruz, received the order on the early morning of Saturday 26 October, and he went to the town along with several PJF agents. Upon arriving, they were stopped by a military checkpoint.

The PGR personnel identified themselves and demanded to be let through. The soldiers locked and loaded and did not budge. While they were arguing, a light plane took off from the strip used by fumigation aircraft of the Secretariat of Agriculture and Water Resources (SARH), whose watchman had been kidnaped for three hours.

The evening report was sent to the PGR representative, Montes de Oca, and to the deputy attorney general of the southern zone, Porte Petit, and was published in the local newspaper NOTIVER.

Then came the clash at Llano de la Vibora.

Deputy Attorney General Porte Petit stated on Friday the 8th that a joint Sedena-PGR commission would be set up to conduct the investigations. He himself would chair the commission, which would also include Jorge Rico Schoeder, the judge advocate general; Antonio Garcia Torres, the director of preliminary inquiries, and Francisco Montes de Oca, the PGR representative in Veracruz.

Porte Petit gave assurances that they would coordinate their efforts. Yet the investigations were conducted separately. In fact, when the PGR requested the cartridge cases that the military had picked up so that it could complete its ballistic tests, it did not get them. When

Sedena requested the reports on the autopsies performed by the PGR, the PGR did not hand them over either, as they had already been sent to Mexico City.

On Friday the 15th, two days after the second joint communique, the PGR put out a press release in which it reported that in conjunction with the Mexican Army it had destroyed a marijuana plantation covering more than 11,000 square meters in the state of Campeche. The press release underscored "the coordination" and "the support" between the two institutions.

Chamber of Deputies Approves Agrarian Reforms

PA1312044091 Mexico City XHTV Television in Spanish 0200 GMT 6 Dec 91

[Text] The Chamber of Deputies held the lengthiest meeting of the 55th legislative session on the evening of 4 December. After 23 hours of debate, the deputies approved early today, 5 December, a report on the presidential initiative to reform Article 27 of the Constitution.

A historic page in Mexico's constitutional life was written this morning when the Chamber of Deputies approved a report on the presidential initiative to reform Article 27 of the Constitution. This article deals with the countryside.

Following a session that went on for 23 straight hours during which more than 70 representatives from six political parties took the floor, the assembly approved the agrarian reforms in general terms. The result of the voting was: 387 in favor; 50 against; and 2 abstentions.

The Institutional Revolutionary Party, the National Action Party, the Authentic Party of the Mexican Revolution [PARM], and the Cardenist Front for National Reconstruction Party [PFCRN] voted in favor; the Popular Socialist Party and the Party of the Democratic Revolution voted against. Two members of PARM and three members of the PFCRN voted against, dissenting from their party's decision.

The session began on 4 December at 1100 and closed at 1000 on 5 December. The debates were intense, but ideologies were discussed in a calm environment.

Costa Rica

President on Rio Summit, Miami Conference

PA1212213791 San Jose Radio Reloj in Spanish 0100 GMT 10 Dec 91

[Text] President Rafael Angel Calderon Fournier has returned to the country after a week abroad in which he participated in the Rio Group Summit in Cartagena, Colombia, and a conference in Miami. The president, who represented the Central American countries at the two-day Rio Summit last week, said he was pleased with the results achieved at that meeting of 13 presidents from the American Continent. The president also said that the position taken by the presidents on political issues, such as the cases of Haiti and Cuba, are very important because a commitment was made to exert pressure to have democratic systems established in those two Latin American countries.

While discussing the results of the Rio Summit, the president said that in talks with Mexican President Carlos Salinas de Gortari in Cartagena a very important agreement was reached: a decision to sign a free trade agreement before the scheduled date, possibly by the end of 1992 or the beginning of 1993. Once again, Calderon Fournier acknowledged the support that Mexico has extended in various areas to enable Costa Rica to reach its economic and social goals.

The Rio Group's support for the efforts being made by the Central American nations to consolidate democracy and peace and to achieve economic and social development was expressed in the meeting of presidents in Cartagena. President Calderon Fournier said on his return that the Declaration of Cartagena expresses that support and the hope that the processes of national reconciliation and negotiation will continue in El Salvador and Guatemala. The president also emphasized the importance of a Central American presence at the Rio Group meeting for the first time. He said this opens new opportunities to the region, particularly in its integrationist efforts.

As for his participation in the Miami conference, President Calderon Fournier said Costa Rica took a clear message to the almost 1,000 businessmen and investors who were gathered there for the 15th meeting of the Caribbean Basin Initiative. That message will encourage many of those investors and businessmen to come to Costa Rica, providing an opportunity for increased production, more jobs, and a better standard of living for our people. Calderon Fournier feels that the investors from the Caribbean states who participated in the Miami conference properly interpreted his message, and the results of this will be visible within a short time.

During the Miami conference, President Calderon Fournier also talked with officials of the George Bush administration. He discussed the Central American situation and the evolution of the political, social, and economic processes in the region with Bernard Aronson, U.S. assistant secretary of state for inter-American affairs, and other officials of the U.S. Department of Commerce. Calderon Fournier said that the results of the Rio Summit and bilateral topics such as an investment treaty and a treaty on copyrights were also discussed, as well as the progress made in negotiations for a free trade treaty.

El Salvador

FMLN Spokesman Announces Possible Offensive

PA1312024191 San Salvador Radio Cadena YSKL in Spanish 0015 GMT 13 Dec 91

[Report by Rene Hurtado—live]

[Text] Good evening, YSKL listeners. Tonight we spoke by telephone with members of the Farabundo Marti National Liberation Front [FMLN]. They pointed out the possibility of a guerrilla offensive in the next few days. They said such an offensive would be a response to ultra-rightist civilian and military sectors' opposition to the negotiations and to the pressure these sectors have exerted on the Cristiani administration.

The offensive could occur in the next few hours or days, the FMLN spokesman said, because the soldiers do not want the negotiations to be fruitful. FMLN spokesmen added that there are problems with the talks on the National Commission for the Consolidation of Peace, Copaz, and that the government could face problems in the upcoming round of negotiations in New York. We will now hear from FMLN spokesman Renato Rodriguez. Go ahead, Renato.

[Rodriguez] YSKL listeners, here is my report: Copaz, which was established by the New York Agreements, is already meeting in Mexico. We talked to FMLN commanders, specifically with Commanders Roberto Roca and Joaquin Villalobos, who are C[illegible]paz members.

They told us that the meeting was at [illegible]mpasse for the following reasons: First, the Cristiani [illegible]ministration is backing out of an agreement on a d[illegible]bill to create Copaz. Thus, the government wants to reject the draft bill, which was practically agreed upon between the parties and the members of Copaz. Second, the government is also backing out of the political agreement reached by the negotiating parties to support Copaz' actions. Specifically, the political parties opposed to this commitment, which granted virtual plenipotentiary powers to the parties represented in the National Assembly, are the Nationalist Republican Alliance and the National Conciliation Party.

The meeting planned for 12 December was stalled. There has been no major progress. We understand there are strong differences between the Armed Forces and ARENA on these two points. This is my report from the FMLN office in the Federal District, M[illegible]ico.

[Hurtado] Renato, we understand that human rights, the war disabled, and the Copaz agenda are being discussed now? Is this being coordinated by the Christian Democratic Party?

[Rodriguez] There has been no meeting, because when the main issue—the draft bill on the creation of Copaz—was broached, no progress could be made.

[Hurtado] So the problem is the draft bill, but was this not already agreed upon by the parties at the last meeting?

[Rodriguez] Yes, this was fully agreed upon. There are documents to prove this. Signatures from the commissions of the two parties—the FMLN and the government—are evidence of this. However, the government is totally reversing its position on this point. This is why the meeting is stalled; this is why the Copaz meeting has reached an impasse

[Hurtado] Renato, what is the reason for this reversal? What point in the Copaz draft bill keeps the meeting from advancing?

[Rodriguez] There has been a complete rejection of the draft bill; there is no specific point. You may recall all the things that Copaz was designed to do as a consensus apparatus for verifying the New York Agreements and any other agreements. I am referring to this draft bill; the government rejects it.

[Hurtado] They do not want Copaz to do all those things?

[Rodriguez] Correct. They do not want to accept the draft bill creating Copaz and defining the duties it would have.

[Hurtado] However, this basically was the result of the work done in New York, right?

[Rodriguez] That is correct. It was a result of the New York meeting.

[Hurtado] That was FMLN spokesman Renato Rodriguez. We questioned him about the announcement by some FMLN members in Mexico City that a new offensive could be launched due to the pressure being exerted by the government at the negotiating table.

Renato Rodriguez said that this possibility exists. However, this new offensive will be announced in the next few hours or days—if it does take place—by the FMLN General Command. This is my report for YSKL listeners.

Rebels Say Civilian Police Must Include FMLN

PA1212194691 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 7 Dec 91

[Report on news conference by Joaquin Villalobos, Farabundo Marti National Liberation Front, FMLN, commander, in Mexico; date not specified]

[Summary from poor reception] Comrade Joaquin Villalobos recently held a news conference in Mexico City. A reporter asked him: "Why does the Farabundo Marti National Liberation Front [FMLN] propose incorporating its members into the higher levels of the National Civilian Police?" Commander Villalobos answered as follows:

[Begin recording] "Yes, we have proposed participation at all levels. This has to do with very concrete and practical matters. On the one hand, there is public safety. Everyone is asking us: Do you believe the Army? Do you think you will be able to live in this country? Are you not afraid that you will be killed? This is why we are now proposing participation in the police and in the public protection agencies. On the other hand, the word stability is related to the situation of certain [word indistinct] or forces that have existed in the country and that are linked to the land issue."

Objectively speaking, "Who is going to accept two national police forces [words indistinct] and who is going to believe that the land is going to continue to be his [words indistinct] in a zone that has been under conflict and where the land system that has existed in the past is supposedly going to be legalized. There is a very close link between the land problem and the problem of how public safety will be guaranteed in accordance with many of the agreements."

Concerning something that President Cristiani said on 5 December, we cannot forget "that there cannot be quotas of power for anyone." I think that "in democratic terms, the negotiations are actually trying to build a true balance of power in the country. The problem is that up to now public safety, the Army, the media, and all areas of economic power—agricultural, industrial, financial—as well as the political power in the country have been monopolized by only one sector." The negotiations are thus trying to create a true balance of power. Consequently, it is understood that "police must be neutral. In order for them to be neutral, they must first be pluralistic. How can they think that we believe they will protect us when four nuns, one archbishop, about 11 priests, and 900 other persons have been killed?" We are not that dumb.

Therefore, "if a real institutional, professional, and neutral police force is not created and if there is not a police force in which everyone can participate at every level, it will be impossible. The causes will continue to exist, and it will be necessary for FMLN forces to continue to operate." This institutional security must be created "so that we can terminate the existence of the FMLN military force." This institutional security is also related to the coercive power of society.

Why are the people, the residents of the region being respected? Why have they still not killed us? "To tell you the truth, it is because we are armed. We are the only ones in this country who tell the Army the truth to their face. We say what is going on in this country, and we tell

it just the way it happens [passage indistinct]. When someone such as Monsignor Romero speaks up, he gets killed."

Then there is the case of Ruben Zamora. Deputy Chief of Staff Mauricio Vargas announced that Zamora was going to be killed, and there was an attempt on Zamora's life the next day. Is this credible? This is a political issue that is related to the stability of the country.

"If anyone believes that an agreement may be reached without the FMLN participating in the institutional [word indistinct] power structure of society, he is crazy. It will not be possible to reach an agreement" with the FMLN. [end recording]

FMLN Criticizes 8 Dec Armed Forces March

PA1212155691 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 10 Dec 91

[Commentary issued by the Farabundo Marti National Liberation Front, FMLN, in El Salvador on 9 December]

[Text] Regarding the march organized by the Armed Forces on 8 December, we make the following comments:

1. The Salvadoran Armed Forces, the state apparatus, and the government party concentrated all of their efforts on organizing a march—not to promote unity and peace, but to defend the Armed Forces and sectors that oppose the negotiations. This was a political activity by the Armed Forces, in open violation of its apolitical nature specified in the Constitution.

The results show that those who oppose the negotiations are in the minority. Under such circumstances, they were not even able to mobilize one-fourth of those who voted for the Nationalist Republican Alliance in the past.

2. There are certain recalcitrant Armed Forces chiefs who oppose the changes demanded by the nation to bring about democracy and who plan to maintain themselves as a dictatorial and arbitrary power over the civilian society. This confirms the need to make the profound changes within the Armed Forces that are being discussed at the negotiations table.

3. The march had enormous financial and propaganda support. Soldiers, former soldiers, their relatives, public servants, and bus drivers were forced to participate under threat. This march excluded and was held against the Farabundo Marti National Liberation Front [FMLN].

4. The sectors that do not offer real support to a negotiated solution and oppose a national reunification are condemned to remain in the minority and to become an obstacle to peace and consolidation.

5. The FMLN reaffirms its determination to sign satisfactory agreements leading to the end of the conflict before the end of this year. It believes that transferring the negotiations to New York is an extraordinary opportunity to achieve this objective.

[Signed] FMLN, 9 December 1991.

Coprefa Reports Confiscation of Weapons

PA1212184691 San Salvador LA PRENSA GRAFICA in Spanish 9 Dec 91 p 31

[Text] Coprefa [Armed Forces Press Committee] has claimed that the confiscation of weapons in the past few days is an indication that many rebels are defecting from the FMLN [Farabundo Marti National Liberation Front] ranks. It adds that the weapons were discovered because of valuable information disclosed by Salvadoran citizens. An official spokesman has described the weapons that were seized:

The Engineers Military Detachment soldiers reported finding two M-16 rifles, 500 cartridges, 14 cartridge clips, material to make explosives, five large handkerchiefs with the initials of the terrorists, and four military uniforms in an underground hiding place called Quebrada Honda in the El Rosario area, La Paz Department.

The 2d Infantry Brigade troops found a FAL rifle; 16 fragmentation grenades, including 12 M-67 caliber ones [as published]; five cartridge clips; and 300 cartridges in a "cache" discovered in Soliman Canton, Coatepeque jurisdiction, Santa Ana Department.

The Coprefa spokesman added that other war materiel had been confiscated in the eastern, central, and northern parts of the country. Information on where the materiel was hidden was provided by the peasants in those regions, the spokesman added.

The military source pointed out that all this definitely indicates that the FMLN terrorist organization is experiencing massive desertions. According to Coprefa, some of the men who have deserted and have managed to get in touch with the Armed Forces have reported that many rebels want to leave the subversive groups and are taking advantage of any available opportunity to return to their families and resume their regular working habits.

Guatemala

Security Forces Seize Weapons; Answer Charges

PA1212232191 Guatemala City Teleonce Television in Spanish 1800 GMT 10 Dec 91

[Text] According to an official report, security forces participating in the people's Immediate Tranquility Plan, TIP, have seized 136 weapons in the capital and the countryside. They have also seized 30 expired or altered permits to bear arms during recent operations.

Many citizens were arrested for causing public disorder, carrying knives, failing to produce personal identification cards, or for trafficking in or using drugs. A TIP spokesman said that the operation will continue with a few changes.

[Begin recording] [Unidentified spokesman] There will be changes in operations involving banks and people. There will be operations in markets and other crowded places.

[Reporter] Will there be operations in areas where Christmas activities are taking place?

[Spokesman] Operations will be conducted primarily in those areas, because the intent of the TIP is to reinforce regular National Police operations. It was designed to be carried out for 30 days; that is, for the Christmas season. [end recording]

The spokesman admitted that security agents could have committed excesses during recent operations. It was reported that a group of journalists were mistreated on their return to the city after covering a labor conflict in the banana farms in (Isabal). Municipal spokesman Mario Zapeta was arrested for failing to produce a license to operate a radio transmitter during a TIP operation. The TIP spokesman justified these actions:

[Begin recording] [Spokesman] People must understand that the members of the security forces ardently wish to do a good job. There is much spontaneity involved. Abuses or violations could undoubtedly occur, but this is a result of the circumstances surrounding the event and the security forces' desire to do a good job. The appropriate authorities would have to determine whether human rights were violated.

[Reporter] Will TIP be changed, or will it continue to be implemented as it has been thus far?

[Spokesman] We are constantly in touch with operation leaders. The media's charges will prompt us to make corrections. These operations are intended to guarantee people's well-being and tranquillity, not to cause problems. [end recording]

* PAN Quits Government, Joins Opposition

92CA0044D Guatemala City SIGLO VEINTIUNO in Spanish 12 Nov 91 p 8

[Text] The National Progress Party (PAN) leadership considers its participation in President Jorge Serrano Elias's government to be terminated, after having co-governed the country since 14 January, in favor of what will be observed below as a role of constructive opposition.

This was according to PAN leader Luis Flores Asturias, who yesterday stated that in reality PAN's positions would not vary, since when it was in the co-governing role, even when supporting the appropriate initiatives, it also made criticisms and opposed measures that it deemed negative.

PAN's participation in the Serrano government began to deteriorate when certain diplomatic and political decisions were formalized in the Belize case, with which that organization was in disagreement. That culminated with the meeting with Alvaro Arzu of the Foreign Affairs Ministry. At that point, on Thursday, 7 November, Communications Minister Alvaro Heredia resigned from PAN and his position as Adjunct Secretary General of that organization.

"We want to continue taking actions and responsible measures with respect to the country, as when we were co-governing. The origin of the conflict is that PAN's political thinking is that the country is always to be placed at the foremost, and analyses are made in light of those principles. We came into conflict with Jorge Serrano and his MAS [Solidary Action Movement] party, because they operate with different mechanisms. In MAS Jorge Serrano's criteria always take priority, while in PAN resolutions are made after carrying out internal analyses. Another problem is that one cannot have a point of view different from that of Mr President, because one immediately comes into conflict with him," Dr. Luis Flores Asturias commented.

The PAN leader related that when they were co-governing they provided constructive criticism on various opportunities, but that was considered to be opposition and even adversarial.

Despite that situation, he added, we will support all the initiatives of the Executive as long as they are beneficial for the country, since we believe that the president is an honest and responsible man who wants the best for the country, and in that sense we are going to continue supporting him, even though they call us "opposition" behind our back.

With Arzu's departure from the Chancellory and Heredia's resignation from PAN, that political organization remains outside the governmental scheme. The only survivors are Alfonso Rodrigues in the INDE [National Institute of Electrification] presidency; Enrique Ortega, the Presidency of INTA [National Institute of Agrarian Reform]; Guillermo Rodriguez and Manuel Villacorta, in the viceministries of Economics and Foreign Affairs; and numerous assistants. Despite that, Dr. Flores Asturia states that they occupy those posts not because of their party origin, but because technically they are very capable, and have demonstrated honesty in service.

* Budget for 1992 Tied to Tax Reform Bill

92CA0044A Guatemala City PRENSA LIBRE in Spanish 15 Nov 91 p 106

[Article by Julio Cesar Anzueto]

[Text] The tax reform and 1992 budget plans, sent by the Guatemalan Ministry of Finance to the Congress for approval, are the burning issues for this week and those to come, having already generated both favorable and opposing opinions.

In addition, there is time pressure, since if the 1992 budget is not approved at least before the 30th of this month, the 1991 budget will automatically be in effect next year. And since the tax "reform" is "tied" to the budget, with its anticipation of new revenues to the fiscal authority, this reform will have to be approved simultaneously, since otherwise there would be a deficit equivalent to $200 million.

According to (Guatemalan) Central Bank President Federico Linares, "the planned (1992) budget, which is equivalent to $1.29 billion, is balanced and will contribute to the country's economic stability," adding that a projected deficit of some 100 million quetzales ($20 million) will be covered through external financing.

In the view of the National University representative to the Monetary Junta (the highest authority in this area), Edgar Augusto Portillo, the Congress should carry out a detailed study of the plan and consult various sectors in addition to the business sector, as had been announced, adding that the proposed reforms to the income tax, the value added tax (VAT), the fiscal stamps and other fees will affect the common people and result in increased inflation.

Government Party Deputy Eduardo Rottman stated that the reforms are aimed at preventing the current levels of tax evasion and reducing the customs tariffs, which will benefit everyone, while press editorials emphasize that applying the VAT to basic products that are exempt, such as medicines, vegetables, bread, milk, corn, beans, and other basic products in the family food basket, will punish the lower-income population and have a multiplier effect on increased prices.

The opposition political parties have come out against rapid approval of the planned law, but government supporters point to Guatemala's need to modernize its fiscal balances, and Finance Minister Richard Aitkenhead states that it involves a "model" budget with the necessary tax reforms.

The two majority parties in the Congress, the National Centrist Union (UCN) and the Christian Democrats, have announced their rejection of the plan, but other deputies stated that despite everything the plan "is going to pass."

The newspapers have published that the Guatemalan middle class will suffer a new "scourge" if the income tax reforms are approved, while the businesses will benefit from the proposed rate reduction to encourage capital investment. The disproportionately high operating expenditures and low rates of investment are also publicly criticized.

The discussion is expected to be very strong and the political parties are staking out their positions.

Honduras

Discua Says Relations With U.S. 'Excellent'

PA1212233291 Tegucigalpa LA TRIBUNA in Spanish 9 Dec 91 p 3

[Text] "Honduras has been an unconditional U.S. ally," Armed Forces Commander General Alonso Discua Elvir has stated. He also described relations between the Honduran military leaders and U.S. Ambassador Crescencio Arcos as "excellent."

Discua Elvir said that "there have always been good relations with the United States." He added: "Obviously, sometimes there are differences of opinion but this does not mean there is a problem or friction."

"Relations between the U.S. Government and the Honduran Armed Forces have been excellent. The United States has been a friend of Honduras and Honduras has been an unconditional U.S. ally," Gen. Discua Elvir stated emphatically.

The military officer held an unscheduled news conference after being declared "distinguished guest" of Santa Barbara by the municipal council.

Discua Elvir also said that as a result of the first meeting of police of the Central American region, a number of joint actions will be implemented to fight drug trafficking, but the sovereignty of each country will be respected. He said that one of the immediate measures will be joint operations by the Air Force, Navy, and the police along the Atlantic coast.

Discua Elvir also said that a base will be established on Islas de la Bahia, "because according to the latest reports we have, there is an increase in the use of a cheaper drug called 'crack'." He said that crack is the drug to which the lower middle class has access and this will lead eventually to an increase in its use.

Discua Elvir said that the Drug Trafficking Commission, formed by the Honduran president, a representative of the judicial branch, the Congress, and the Armed Forces, "is drafting policies to increase the number of strict measures and to issue recommendations for changes in fighting the crime of drug trafficking."

Government Orders Control of Power Plants

PA1212182091 Tegucigalpa EL HERALDO in Spanish 10 Dec 91 p 34

[Press release issued by the Press Secretariat of the Honduran Presidency on 9 December]

[Text] Regarding the situation prevailing within the National Enterprise for Electric Power (ENEE) because the strike—which the organization's labor union began

several days ago—has been declared illegal, the government of the Republic reiterates the following to users of the electric energy service and the public in general:

1. The actions taken by the government in this case have been strictly in accordance with the laws that govern labor-management relations. Under no circumstances do they pose a threat to the country's recognized labor union sector.

2. The government of the Republic remains firm in its decision to guarantee the legal status of the ENEE Workers Union.

3. The government of the Republic stands firmly behind the decisions that have been made and urges the labor union to make a conscientious effort to identify the procedures that it should properly take in accordance with the law.

4. The government reiterates the call to all workers to return to their usual duties with full guarantees so that the enterprise's activities can be normalized and so that they may retain their jobs.

5. Since this government emerged as a result of the people's will, all its actions seek to respond with a sense of absolute responsibility for those situations that pose a threat to the democratic form of government, which is based on absolute respect for the law, ideological pluralism, and peaceful coexistence.

6. The president of the Republic held a cabinet meeting at which it was decided to issue Executive Decree No. 67 which, after its introductory statements, carries the following resolution:

"Decrees:

"1. To instruct the Armed Forces to immediately take possession of state-owned electrical power generating plants where irregular situations exist in order to guarantee public order, the normal course of activities, and the safety of the people and property at such installations.

"2. The military control to which the preceding paragraph refers will be temporary, lasting the duration of the irregular situation. The military authorities will report daily to the Presidency of the Republic on incidents that occur during the fulfillment of this mission.

"3. The logistical administration and functioning of these plants will continue to be the responsibility of the ENEE executive and subordinate personnel.

"4. The present decree will go into effect on this date and must be published in the official gazette to be announced.

"Tegucigalpa, 9 December 1991
"Rafael Leonardo Callejas, constitutional president of the republic;
"Francisco Cardona Arguelles, minister of government and justice;
"Press Secretariat."

President Comments on Energy Company Strike

PA1212233091 Tegucigalpa EL HERALDO in Spanish 10 Dec 91 p 5

[Report by Armando Villanueva]

[Excerpts] Following an urgent meeting on 9 December between the Armed Forces and the High Level Commission aimed at finding a solution to the labor conflict in the National Enterprise for Electric Power (ENEE), President Callejas called on ENEE's labor union to try to solve its problems in the courts and not in the streets.

Callejas stressed that the Armed Forces are not authorized to intervene in the crisis through negotiations with that labor union, as was learned last week. Callejas added that the High Level Commission, chaired by Labor Minister Rodolfo Rosales Abelta, is the only body authorized to negotiate with the labor union.

ENEE Manager Federico Breve Travieso, ENEE Board of Director's chairman Mauro Membreno, and the president's private secretary Gilberto Goldstein also participated in the meeting. [passage omitted]

The president reiterated that the government's position regarding the strike "is totally legal". "Therefore," he insisted, "we will maintain our position within the legal framework established by the Labor Ministry's resolution."

When questioned on the 9 December takeover of streets and roads by the United Federation of Honduran Workers (FUTH) in support of the STENEE [National Enterprise for Electric Power Workers Union], Callejas said that the measures to be taken are "clearly set out in the Constitution; therefore we have issued instructions for public order to be maintained."

Regarding the negative effects that the labor conflict could have on the presidential summit, the president noted: "As a government, we act in accordance with the law. The courts of justice are the specific places to deal with those demands, not the streets." Callejas warned that during the presidential summit: "We will maintain control over any possible public order disturbances."

Callejas dismissed the solidarity action of the FUTH with the STENEE, when he noted: "There is no other labor union involved. This is just a limited solidarity action of the SANA [National Autonomous Aqueduct and Sewage Service] and of Sintrapani [not further identified]."

The president stressed that leaders from both labor groups notified their superiors that they would take such actions.

Callejas added: "We are aware of the acts of solidarity displayed by the FUTH. We hope they clearly understand that the juridical framework of this action is the appropriate one."

Within this context, Callejas said that his administration "has at no time" tried to affect the legal status of the STENEE, adding that he would not tolerate actions similar to the takeover of the installations of El Cajon Dam.

When questioned on the attempts of labor leaders to solve the crisis by negotiating with the Armed Forces, the president stated categorically that "there is only one dialogue commission; no other institution is formally authorized to meet with STENEE labor representatives."

Callejas called on the FUTH to recognize "and solve their problems at the labor federation level."

The president said that his government has not even considered the possibility of requesting judicial authorities to declare the work stoppage staged on 11 December by the FUTH as illegal. [passage omitted]

Callejas Interviewed on Economy, Labor Issues

PA1212225091 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 6 Dec 91

[Interview with President Rafael Leonardo Callejas by correspondent Jacobo Goldstein in Washington, D.C. on 5 December—recorded]

[Text] [Goldstein] We are at the Inter-American Development Bank headquarters where the opening meeting has just concluded. President Callejas delivered the opening speech. Electronically transmitted messages of 13 presidents were heard. Mr. President, we would like to hear your reaction. The fact that you are here is an honor for Honduras.

[Callejas] I am very pleased at the opportunity to open this forum, particularly after watching on television the messages sent by the presidents of the 13 countries that met in Cartagena de Indias, Colombia. There is a reality in the American Continent. There is a clear similarity of economic and political thought. The messages were similar; the feelings were alike. Everyone wants to recover the lost years. They also want Latin Americans to attain new goals.

[Goldstein] Mr. President, every head of state who spoke, beginning with you, referred to the economic situation. What is the next step to be taken in Honduras' economic recovery?

[Callejas] The next step is to increase trust and motivation for more investment. The first stage of the stabilization, what we call the adjustment and reorganization of the economy, is complete. The next step will be to invite more investment and increase growth. This process has two great objectives: economic growth and social well-being.

[Goldstein] You said in your speech that democracy is not enough; there must be development. This development creates social problems in many countries. In Honduras, for instance, there is trouble with the National Enterprise for Electric Power. What do you have to say about this, Mr. President?

[Callejas] The problem is of a legal nature. The Labor Ministry declared the strike illegal for reasons already known to the Honduran people. The labor leadership has taken unreasonable actions regarding the occupation of El Cajon facilities. This matter goes beyond the usual labor-management relationship and is an attempt against state security. We therefore took the actions necessary to guarantee the generation and distribution of power and to preclude the future confrontations that could imperil the safety of the state and the Honduran people.

[Goldstein] Has an agreement been reached with the United Fruit Company?

[Callejas] Yes. The collective contract issue was settled between the labor union and the Tela Railroad Company. This is excellent news. This is the first time since 1981 that a collective contract has been signed between the Tela Company and the labor union without a strike. This is particularly important because each strike causes tremendous losses to the detriment of the Honduran people. The contract is in effect for four years. This is an incalculable benefit for the country.

[Goldstein] According to Ambassador Hernandez Alcerro, you met with several Caribbean leaders in an effort to establish economic relationships. Is this true?

[Callejas] Economic bonds, solidarity, and mutual recognition. We have drawn up a working program to find rapprochement mechanisms that will help create a great Caribbean economic area. Later we would join a Latin American system in the northern area.

[Goldstein] I will not ask you any more questions, Mr. President. I know you have a tight schedule. We understand, however, that you will fly from Washington to New York. Can you tell us the reason for your trip?

[Callejas] I will go to New York briefly to talk with the Tela Railroad Company's executives and to prove to them that the proper economic and social conditions already exist in the country for the company to continue its intensive investment program in the banana production field.

[Goldstein] Any special message for the Honduran people?

[Callejas] I am very happy to represent Honduras in this forum. A cordial embrace for all my fellow countrymen.

[Goldstein] Thank you, Mr. President.

Netherlands Government Pardons Honduran Debt

PA1212043291 Tegucigalpa LA TRIBUNA in Spanish 6 Dec 91 p 10

[Text] The Netherlands Government has pardoned the Honduran Government's main capital debt of $4 million "in recognition of the economic measures the administration has taken."

Hana Blakenberg, head of the Dutch diplomatic mission, made the announcement personally to Jacobo Hernandez Cruz, the Honduran acting president, with whom he met on 5 December.

Blakenberg pointed out that his government's decision was made based on the efforts to refine the finances of the Honduran Government, and as a demonstration of friendship.

He also stated that the Netherlands is willing to support Honduras' social benefit programs and the macroeconomic development of its economy as a continuation of the support the Netherlands has been giving during the last few years.

Nicaragua

Sandinists, 'Center Bloc' Win Budget Issue

PA1312044191 Managua BARRICADA in Spanish 12 Dec 91 pp 1, 10

[By Marcio Vargas]

[Text] The Sandinist bloc and eight UNO [National Opposition Union] deputies of the so-called "center bloc," managed to impose their criteria on the 1992 General Budget for the Republic, in a very close parliamentary vote that resulted in 47 votes in favor and 45 votes against their position.

The long and tedious debate lasted more than six hours and ended with the decision to hold a secret ballot. The process made expectations grow and had deputies biting their fingernails and cracking their knuckles. National Assembly President Alfredo Cesar, who had rolled up his sleeves "to show that he had no cards up his sleeves," opened the ballots, and National Assembly Secretary Fernando Zelaya Rojas called out and counted the votes. The senior conservative deputy was so nervous that he counted 94 votes when there are only 92 seats. The mistake was corrected when the board recounted the votes.

A visibly pale Cesar announced that the winning motion had been the one contradictorily called "of the minority." That motion maintained the total amounts budgeted by the government for the Army and the Government and Presidency Ministries and added 30 million cordobas to the social sector.

The Sandinist deputies had smiling faces, although they were not entirely happy because, as one of them reported, the election results had been "too close."

The Sandinist deputy explained that the FSLN [Sandinist National Liberation Front] opposition bloc has 39 seats and expected that "at least" nine deputies of the "center group" would join the "minority" position, as they had signed an important document in favor of dialogue and respect for the Constitution with the Sandinists just 24 hours prior to the budget election at the National Assembly. "One of the nine deputies let us down, which is dangerous," the source added. "Nevertheless, this victory is important because we stopped the other 44 UNO deputies from approving a motion that was destabilizing and irresponsible," he added.

Although the plenary session has to approve "each and every article" of the budget that won today, very few changes are expected because all the important reductions and reassigning of funds have already been approved.

The 1992 budget, however, is only the first of two important battles that must take place during this legislative session that is to last several days and which will end the 1991 legislative period. The next "trial by fire" for the unique alliance of the UNO "center group" and the FSLN deputies could take place on 12 December if a vote is taken on the presidential veto to Law 133, known as the property law.

According to several deputies, in general, the deputies showed "good manners" during the 11 December budget debates. The only exception was a brief skirmish between Social Christian Azucena Ferrey and Sandinist Herty Lewites, which ended when the latter read a paragraph of Jaime Morales' book, "La Contra," which makes serious charges against the current National Assembly vice president.

The veiled resentment against the "center bloc" was noticeable, especially when Conservative Deputy Miriam Arguello insinuated that their votes had been "bought."

On the night of 11 December, Alfredo Cesar said that "if the deputies are not too tired" he would present the presidential veto for a vote so that the plenary session would approve or reject it. However, after the close voting results on the budget, the National Assembly president suspended the session until the next day.

We will have to wait.

Judicial, University Budgets To Be Increased

PA1212201191 Managua BARRICADA in Spanish 6 Dec 91 pp 1, 14

[Report by Roberto Larios]

[Text] Deputy Luis Humberto Guzman, chairman of the legislative committee, which is discussing the 1992

budget bill, has said that the committee agreed to increase funding for the judicial branch by five million cordobas. The increase in the budget of the judicial branch will be used to raise the salaries of magistrates, judges, and workers.

Guzman stated that there is consensus among the members of the committee to increase the budget of the Electoral Commission by 10 million cordobas in order to implement a process of issuing identity cards for citizens.

Guzman ruled out newspaper reports regarding a drastic 50 percent cut in military spending proposed by the executive branch. He added that there is no agreement in the committee to reduce the Army budget.

On 5 December, the National Assembly Budget Committee received a proposal from the National Council of Universities to increase the budget ceiling of $517.92 million—as proposed by the executive—so as to fulfill the needs of higher education.

Doctor Alejandro Serrano Caldera, rector of the National Autonomous University of Nicaragua, explained to committee members the serious situation that the universities are facing as a result of the scanty budget allotted by the government for higher education. As compared to 1991, the budget reduced university spending by almost 70 million cordobas.

According to the law on university autonomy, the government is obliged to assign 6 percent of the General Budget of Revenues and Expenditures to the universities. However, the budget bill only assigned 113.2 million cordobas to the universities, forcing them to request a raise of 40 million cordobas so as to obtain 153 million, which by law is their share.

Dr. Luis Humberto Guzman said that the university representatives proposed to finance the aforementioned increase by creating a tax on the import of luxury items. That issue will be discussed today, prior to the issuance of the final ruling that will be disclosed on 10 December at the assembly plenum.

With the increase announced by Guzman, the judicial branch budget would be approximately 41 million cordobas; the Electoral Commission budget would be 22 million cordobas.

Government Uses AID Funds To Pay Employees

PA1312041791 Managua Radio Sandino in Spanish 1200 GMT 7 Dec 91

[Text] The government of President Violeta Chamorro, in accordance with the government expense reduction policy, has used $20 million to pay off about 20,000 government employees. Using AID funds, the government implemented the occupation conversion plan, which consists of the payment of one year's salary to each employee and the ceasing of activities at certain government agencies for one year.

The newspaper LA PRENSA publishes in its 6 December issue, statements by Eduardo Rovelo, a Finance Ministry official. Rovelo said that 9,000 of the 20,000 employees who have taken part in the occupation conversion plan were assigned to the Finance Ministry.

Other information, supplied by Labor Minister Francisco Rosales, indicates that about 740,000 workers do not enjoy job stability, 13 percent are unemployed, and the rest are underemployed.

Foreign Cooperation Minister Erwin Kruger told the Sucesos Newscast that if the government's economic recovery plan is successful within two years, unemployment will drop significantly.

Deputy Minister Ibarra Said Under Investigation

PA1312035991 Managua Radio Sandino in Spanish 1200 GMT 10 Dec 91

[Text] Deputy Presidency Minister Antonio Ibarra is back at his post, but he has not given the explanation that he promised before traveling to Miami, where he was reported to have been hospitalized because of a heart ailment. An explanation or a clarification by Ibarra has been expected since Deputy Economy Minister Noel Vidaurre accused him of misusing state property for his family's benefit.

Other reports state that Ibarra did not enter the Baptist Hospital of Miami, as the government announced three weeks ago. Ibarra stamped out of the country after Vidaurre accused him of mishandling funds.

Certain people have learned that Ibarra is being investigated by the Comptroller General's Office for the purchase and distribution of food for demobilized contras and other impoverished segments of the population.

Other reports that have reached our newscast indicate that the government will keep Ibarra at his post a few more days and then settle accounts with him.

Fat Ibarra, who is being called Super Chicken by the people, used to boast about his generosity, and with great demagoguery appeared on television spewing government propaganda. In other words, Ibarra has his passport and is ready to leave the government should Presidency Minister Antonio Lacayo so decide.

Recontra Leader Demands Talks With Government

PA1312003991 Managua Sistema Nacional de Television Network in Spanish 0200 GMT 10 Dec 91

[Text] Yali Mayor Jose Miguel Ortiz has stated that recontra leader El Indomable [Jose Angel Moran Flores] is demanding to talk to a high-level government commission in order to enter the dialogue process.

[Begin recording] [Ortiz] I talked with El Indomable and his group of recontras for two hours, and they told me that they wanted to talk to a high-level government commission. The recontras said that, if possible, the

commission should be headed by Government Minister Carlos Hurtado and composed of one representative sent by each of the following: Cardinal Miguel Obando y Bravo, the human rights group [not further identified], and the International Commission of Support and Verification. El Indomable and his group did not want any Army or police delegates.

[Reporter] What did they request?

[Ortiz] They based their request on the negotiations taking place among recontra commanders Dimas [Francisco Baldivia], Tigrillo [Encarnacion Valdivia], and others from the Council of Commanders who have entered the dialogue with the government. They want to join that group to discuss the seven-point agenda. [end recording]

The Yali mayor added that the rebel group has blocked the road from Yali to the mountain, where there are coffee beans to be harvested. He said the recontras will not open the road until they meet with the government commission.

[Begin recording] [Ortiz] This request is a big step toward attaining peace in Yali Municipality and in the entire region. The recontras who are stationed in this area are the ones that have been avoiding the national dialogue. We believe it is a challenge for government, and it should be confronted realistically [words indistinct]. [end recording]

Panama

'Official Source' Alleges Weapons Trafficking

PA1312021391 Panama City LA PRENSA in Spanish 12 Dec 91 p 1

[Report by Vilma E. Figueroa B.]

[Text] On 11 December, an unidentified official source disclosed that an unspecified number of Panamanians and foreign citizens use Panama as a transshipment point for weapons trafficking from Central America to Colombia and Peru.

The source said that there are reports from Colombian "intelligence" (security) organizations indicating that given the latest offensive against the guerrillas, the war materiel used by the rebels goes through Panama from north to south and vice versa. [sentence as published]

The source added that Colombian authorities have met with their Panamanian counterparts to analyze the situation and take measures in the event the weapons trafficking through Panama does exist.

The source mentioned that such weapons as rocket launchers and modern rifles with infrared sights (used to detect targets in the dark) are shipped through Panama. The Panamanian source said that local authorities are investigating if the weapon shipments originate in Panama or they are just shipped through the country, because "it is very worrisome" that the country could be used for trafficking such sophisticated weapons.

According to our source, "dissidents from the 19 April Movement and the Revolutionary Armed Forces of Colombia, who have not taken advantage of the amnesty offered to political groups" in Colombia, are reportedly buying the weapons.

Regarding the origin of the war materiel, the source explained that the weapons, which were stored in Nicaragua, are being obtained from negotiations with the "recontras." In addition, the source also explained that authorities are investigating the possibility that the weapons may eventually reach Peru's "Shining Path" guerrillas. The official source revealed that civilian and military officers from the Panama Defense Forces are allegedly participating in the weapons dealings.

LA PRENSA spoke to Frank Cesar Reyes, international public relations officer at Nicaragua's Government Ministry, over the phone and he ruled out the possibility that weapons from the "contras," who fought the previous regime of Daniel Ortega, are being sold.

It was also learned that Panamanian authorities began the weapons trafficking investigation one month ago and have a list of approximately 15 people allegedly involved in transporting weapons and ammunition in trucks from Central America through Panama.

Endara Denies Report About Presidency Attack

PA1212220991 Panama City Circuito RPC Television in Spanish 2300 GMT 11 Dec 91

[Report by Mara Rivera]

[Text] Despite persistent rumors circulating in Panama regarding shootings around the grounds of the presidency last weekend, high government officials continue to strongly deny the rumors. President Endara himself has reiterated the denials.

[Begin recording] [Endara] They are completely false.

[Reporter] Then why would Immigration Director Antonio Dominguez report such an incident?

[Endara] I do not know. Why not ask Antonio Dominguez. [end recording]

A similar denial was made by Carlos Bares, head of the Institutional Protection Service [SPI].

[Begin recording] [Bares] No one attacked the presidency.

[Reporter] There are many sources in Panama confirming the incident.

[Bares] If that is the case, let them prove it. [end recording]

On the other hand, Antonio Dominguez, immigration director and prominent member of the Arnulfista party, verified on 11 December statements made regarding an attack against the presidential palace. However, today he retracted what he had initially said by saying that he had been misquoted by the media.

[Begin recording] [Dominguez] It is untrue. I never said there had been attack against the presidency. What I said was if what was said over the radio about shots having been fired against the wall are accurate, then the person who fired the shots is either a masochist or a coward. If I were to attack someone, I would wait until the target was in front of me so that I could shoot him in the head, not fire against a wall. That is what I said. I never said anything related to shots being fired because I was not there. [end recording]

Presidency Vice Minister Miguel Batista pointed out that all the confusion had been caused by firecrackers.

[Begin recording] [Batista] In all honesty, there was no attack. Such report are inappropriate because they tend to create a state of alarm that is harmful to the country. [end recording]

Despite official statements refuting the alleged attack, rumors continue to circulate throughout the community to the contrary.

Police Say Officers Not Involved in Rebellion

PA1212184591 Panama City LA PRENSA in Spanish 11 Dec 91 p 1A

[Report by Elkilia Santos]

[Text] The National Police have reported in a communique that the investigations conducted by the Attorney General's Office have demonstrated that Majors Dario Arrue and Daniel Poveda were not involved in the police rebellion staged on 5 December of 1990 against the government of Guillermo Endara.

The National Police issued a communique after former Lieutenant Carlos Alberto Rumbo, who lives in exile in Guatemala, accused Poveda and Arrue of being involved in the coup attempt led by Retired Colonel Eduardo Herrera. Col. Herrera is currently under house arrest.

Poveda and Arrue had initially announced that they would hold a news conference to answer the charges made by Rumbo. After a meeting at the office of the National Police director (it is not known with whom they met), they reported through the Public Relations Department that they would only issue a communique. The communique states that given the events of 4 and 5 December of 1990, the Ministry of Government and Justice ordered the creation of an internal investigation commission to be made up of trustworthy officers. That commission conducted an in-depth investigation and concluded that Arrue and Poveda "were at no time involved in the movement led by Ret. Col. Eduardo Herrera."

The Attorney General's Office also conducted an investigation following the events of last December and concluded that both officers had nothing to do with the police rebellion, the communique explained.

The National Police communique concluded that, in order to clarify the incident, Rumbo is obligated to present his testimony before the corresponding authorities.

Assembly Announces National Police, PTJ Budgets

PA1312044391 Panama City Circuito RPC Television in Spanish 2300 GMT 6 Dec 91

[Text] The Legislative Assembly Budget Commission told RPC that the Judicial Technical Police, PTJ, will have a $6 million budget for 1992. Almost $93,000 will be used to buy military equipment and materiel. Compared to 1991, the PTJ budget is $2 million more.

The National Police has requested a $76 million budget, which is $6 million more than 1991. The National Police, which has more than 10,000 members, will also use a larger amount of money to buy military equipment and materiel.

Alexis Ayala, the secretary general of the Assembly Budget Commission, gave the following statements regarding this issue.

[Begin Ayala recording] Policemen are going to receive a $25 pay raise. Presently there are 10,900 policemen and 900 administrative workers. They will receive that raise.

During 1991, the PTJ had a payroll of $4,570,578, which will increase to $5,778,611. The highest payroll expense is for permanent personnel, which was $3,404,508 during 1991. [end recording]

Canadian Company Proposes Pipeline Project

PA1312020191 Panama City EL SIGLO in Spanish 12 Dec 91 p 2

[Text] On 11 December, President Guillermo Endara Galimany received a visit by Jean-Claude Villiard, president of SNC-Lavalin Corporation of Canada. Villiard presented a proposal to construct a pipeline to pump oil from oil-producing countries in South America and the Caribbean across the Panamanian isthmus for shipment on to specific points on the Asian Continent.

Jean-Claude Villiard was accompanied by Comptroller General Ruben Dario Carles; Roberto Alfaro, minister of commerce and industry; and Hugo Ramirez, vice president of SNC-Lavalin for Latin America and the

Caribbean. The group exchanged ideas and opinions about the construction project, which would generate approximately 7,000 jobs with an investment of $600 million. President Endara received the proposal with great enthusiasm and interest.

SNC-Lavalin is one of the most solid and prestigious engineering and construction companies in the world. It ranks third in total operations. Its projects have included such things as oil pipelines, dams, communications networks, railroads and other large structures. It operates in over 60 countries and is especially active on the American continent and in the Caribbean.

Referring to the environment and the effects of pumping oil through a pipeline across Panama, Ramirez said that the SNC-Lavalin Corporation has worldwide recognition for its compliance with international standards on environmental protection set by the United Nations. Ramirez pointed out that "the issue will be a high priority during the initial phase of the project—which is the survey and study phase—given its great importance."

Argentina

Menem Leaves For Vienna; Mercosur Summit

PY1212171491 Buenos Aires Radio Nacional Network in Spanish 1500 GMT 12 Dec 91

[Report by Silvina Martinez Porta from the Olivos Residence]

[Text] President Carlos Menem will leave at 1430, and not at 1500 as previously planned, for Vienna.

While there, he and his Brazilian counterpart [Fernando Collor de Mello] will sign an agreement on the peaceful use of nuclear energy at the headquarters of the International Atomic Energy Agency.

After resting at Innsbruck over the weekend, Menem and Collor will leave for Brasilia, where they will attend a summit of the Common Market of the South, Mercosur, on 17 December, where Menem, Collor, and the Paraguayan and Uruguayan presidents will analyze the regional situation and sign a number of documents.

Menem's return to Buenos Aires is secheduled for 18 December.

Nuclear Agreement With Brazil Detailed

PY1312122491 Buenos Aires TELAM in Spanish 2054 GMT 12 Dec 91

[Text] Buenos Aires, 12 Dec (TELAM)—The National Commission for Atomic Energy [CNEA] has released some details about the agreements on nuclear policy that will be signed in Austria by Argentine President Carlos Menem and Brazilian President Fernando Collor de Mello.

The agreement will be signed by the permanent representatives of the two countries accredited to the IAEA [International Atomic Energy Agency] Jorge Taiana and Thereza Maria Machado Quintella, from Argentina and Brazil respectively, and IAEA Director General Hans Blix and Jorge Coll, a CNEA official and secretary of the Brazilian-Argentine Agency of Accounting and Control of Nuclear Material [Agencia Brasileno Argentina de Contabilidad y Control de Materiales Nucleares—AABAAC] [as received].

Brazil and Argentina will thus favor the implementation of safeguarding measures to verify the use for exclusively peaceful purposes of their nuclear installations, which will be subject to inspections by the AABAAC and the IAEA.

After the signing, which will take place at IAEA headquarters in Vienna, the IAEA board of governors—which will be presided over by CNEA President Manuel Mondino until next August—will hold a special session with the participation of Menem and Collor.

This agreement and one signed in Guadalajara on 18 July 1991 are in keeping with the commitments established in the declaration about a common nuclear policy between the two countries signed by Menem and Collor in Foz de Iguazu in November 1990.

The AABAAC was created by the Guadalajara agreement and its purpose is to implement a common supervisory system to verify the use of atomic installations for exclusively peaceful purposes.

New Governor Stopped From Taking Office

PY1212194891 Buenos Aires LA PRENSA in Spanish 10 Dec 91 Section 1 p 1, Section 2 p 4

[Excerpt] Following a "restraining order" ruling by the Supreme Court of Justice of the Nation in the conflict in Corrientes Province, [Governor-Elect] Raul Romero Feris from the Corrientes Autonomist and Liberal Pact will not be able to take office.

This ruling was made following a complaint appeal filed yesterday morning by the Justicialist Party of Corrientes Province against a ruling handed down by the Superior Court of Justice of Corrientes Province, which ruled as "legal" a meeting of the electoral court that confirmed Raul Romero Feris as governor.

Mancini Will Take Office

Meanwhile, Senator Hugo Mancini (Corrientes Autonomist and Liberal Pact) was elected last night as [Corrientes] Senate first vice president and will reportedly become acting Corrientes governor today, as an intermediate solution to the provincial conflict.

Current Governor Ricardo Leconte today will hand over the governorship to Mancini, the acting Corrientes Senate president.

Nevertheless, political observers recalled that thus far all Corrientes governors, including Ricardo Leconte, had taken office on 11 December. Therefore, it was assumed that Senator Mancini would become acting Corrientes governor only tomorrow.

For his part, the president of the nation, Dr. Carlos Menem, totally ruled out the possibility of federal intervention in Corrientes Province.

For his part, Senator Jose Antonio Romero Feris from the Corrientes Autonomist and Liberal Pact criticized the Supreme Court ruling which he said disregards "the ruling handed down by the Superior Court of Justice and, in a ruling that can be described as being strictly political, prevents the free inauguration of a governor who was elected following all the steps provided for by the provincial constitution." [passage omitted]

* Armed Forces Reorganization Plan Viewed

92SM0124A Buenos Aires LA PRENSA in Spanish
9 Nov 91 p 7

[Report by Carlos Manuel Acuna]

[Text] Yesterday we revealed the first part of a plan to reorganize the Army, a plan to be subjected to further analysis and debate before being sent on to a higher level, the Ministry of Defense, for possible modification and subsequent implementation.

As explained, it is a preliminary proposal, but one sufficiently detailed to enable us to draw conclusions about what it means in terms of the institution's resulting military profile.

The goal of the personnel policy, whose guidelines comprised part of the first commentary, would be "to establish a broader system than what presently exists, one making it possible to incorporate staffs of officers recruited locally and from diversified backgrounds into promotion rosters of the command and professional corps (not from the nation's Military College or the Combat Support Service School). Command corps personnel would come in with the rank of second lieutenant and be eligible for promotion to the maximum rank of captain."

The measures would also make it possible to "remedy the shortage of noncommissioned officers now observed in the different branches of the Army and the training of future reserve officers."

Concerning noncommissioned officers, "the current system of diversified, local recruiting should be expanded so as to permit the incorporation of civilian personnel into the entire roster of the command corps (armed forces)."

Article 62 and Allowances

Another important point of the proposal has to do with the "imminent elimination" of "all high-ranking and subordinate personnel" brought into the service under the provisions of Article 62 of the Military Personnel Law stipulating that retired personnel may remain in or be summoned into active service. High-ranking officers and noncommissioned officers will be appointed to replace them.

At the same time, "the amount of time currently served in the different ranks of the Command Corps Career Officers Plan must be reviewed, and the number of years spent as captain would be extended" so that those entering the Army's advanced training institutes "will not affect the number of officers available from that hierarchy," thus making it fundamentally possible to "cover the posts of squadron leaders in the units of the armed forces."

Concerning allowances, there would be a pay increase "and a bonus for the performance of operational functions, tending toward the establishment of a hierarchy of personnel occupying posts as the result of appointments and/or greater responsibility."

University Training

A separate chapter is devoted to the implementation of a system providing for "the training of reserve officers as an option for the performance of compulsory military service, whose duration will be in keeping with the normal average of the different careers. The system should include summer instruction and field training. The proposal would at the same time provide "all high-ranking personnel with instruction in different disciplines in the civilian environment."

Concerning transfers, a difficult issue at present due to economic reasons, "there would be a new system for personnel transfers adapted to the future structure of the Army and based on the following points: 1) a roster of noncommissioned officers designed to be stable, meaning that changes in assignments would be made within each of the regions and in accordance with the area of specialization or professional training acquired. Transfers from one region to another would be the exception. In the country's southern region, strong incentives should be created for service in an "unfavorable zone"; 2) a roster of noncommissioned officers based on the same criterion as for lower-ranking personnel, but with much tighter restrictions on transfers"; and 3) a system put into place following such guidelines would have the following advantages: greater knowledge of and adaptation to the geographic environment; less spending on transfers and its resulting negative effect on the Army budget; a more comprehensive solution to the housing shortage on military bases, creating greater access to housing by virtue of greater stability," and finally, "making it possible for military personnel to be integrated into the local civilian environment."

Language Specialization

Another area of study to be emphasized has to do with advanced training "for higher officers not holding the rank of staff officer or OIM [expansion not given]," the basic purpose being to improve "leadership in personnel and logistics" so as to obtain results more compatible with the policy of more stable assignments in the different regions.

Coincidentally, pressure will be exerted aimed at requiring "higher-ranking personnel to learn English and/or Portuguese," as well as modern computer systems.

With respect to attache offices, it would be stipulated that personnel having served outside the country for over a year "could not be reassigned abroad."

The policy studied also incorporates the application of a system "making it possible, in a rapid, efficient, and

expeditious form, to eliminate personnel from rosters if not fit for service (under indictment, ill, underqualified, and so on). There would also be measures such as passage of a "mobilization law enabling us to activate reserves annually" and stipulate that "the roster of professional noncommissioned officers could rise to the maximum rank of sergeant" and those comprising the roster of professional officers to that of colonel. Concerning financial management, it is observed that "it is a field of leadership of its own and will be filled by officers from the command corps."

Brazil

Congress Approves Accords on Nuclear Energy

PY1212124691 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 12 Dec 91

[Report by Alicia Santiago]

[Text] Congress has approved the Brazilian-Argentine agreement on the peaceful use of nuclear energy that was signed in Guadalajara, Mexico, last July. The additional protocol that was signed by Brazilian President Fernando Collor and Argentine President Carlos Menem in Brasilia in August also was approved.

The agreement contemplates mutual supervision of nuclear facilities and technological development, and forbids the military use of nuclear energy. Both documents were approved by Congress without modification. The senators voted on the agreement without knowing details of its text and criticized the slowness of the process, because the Chamber of Deputies has taken five months to analyze the agreement and only submitted it to the Senate on 10 December.

The voting session was attended by Justice Minister Jarbas Passarinho, who commented on the importance of approving the agreement and the protocol:

[Begin recording] Brazil and Argentina have shown that their atomic research will not be used for any military purpose. They have agreed that this knowledge will be used entirely for peaceful objectives. This approval means that the universal agreement can now be signed with the International Atomic Energy Agency. [end recording]

Minister Passarinho has already reported the congressional approval to President Collor, who is now in Italy and who leaves for Vienna on 12 December to sign the universal agreement.

New Recession 'Paralyzing Economy'

PY1212143091 Sao Paulo FOLHA DE SAO PAULO in Portuguese 9 Dec 91 Section 1, p 4

[Text] The third wave of recession since Fernando Collor came to power is paralyzing the economy. This became noticeable yesterday when the parallel dollar rate dropped nearly to the official dollar exchange rate; by the shortage of cruzeiros which made it hard for enterprises to honor their commitments; and by a slight slowing down of the inflation rate and the unemployment rate.

The tool used by the government—high interest rates—has forced exporters, who are the ones who have the foreign currency, to exchange it. Flooding the market with dollars caused the parallel exchange rate to drop to 915 cruzeiros per dollar. The official exchange rate was 903.75 which means a 1.24 percent difference, the smallest since 19 March 1990.

This general slowing down of economic activity is curbing inflation. According to Economic Research Institute Foundation (FIPE), of the USP [Sao Paulo University], inflation for November amounted to 25.39 percent, very similar to the 25.17 percent recorded in October. The Getulio Vargas Foundation has stated that prices are experiencing a similar trend.

The loss of purchasing power experienced by salaries has prompted a drastic drop in sales. Consequently, several enterprises are planning "mass dismissals" according to Carlos Eduardo Uchoa Fagundes, president of the FIESP [Sao Paulo State Federation of Industries]. Uchoa predicts a 20 to 30 percent reduction of personnel in early 1992.

Pension Funds Banned From Buying State Firms

PY1212160091 Sao Paulo VEJA in Portuguese 27 Nov 91 p 41

[From the "Radar" column; by Ancelmo Gois]

[Text] Following the purchase by Refer [expansion unknown]—the pension fund of RFFSA [Federal Railway Network, Inc.]—of Mafersa [Railway Equipment, Inc.] during the privatization auction, the government has decided to avoid a repeat.

State-owned company pension funds will be banned from gaining control over public enterprises. The four auctions carried out by the BNDES [National Economic and Social Development Bank] resulted in a little over $1 billion, but this includes the so-called "dirty money" [bonds that the government issued to pay its debt, but because they could not be redeemed at the promised rate they became junk bonds]. In terms of hard cash, the auction brought only 83,000 cruzeiros (about $100) into the public coffers—the price of a case of whisky at the Galeao [Rio de Janeiro's international airport] duty free shop [two preceding words in English]. The government now wants to accept FGTS [Unemployment Compensation Fund] funds as auction money, thus opening the privatization process to the middle class.

* Exports to ALADI Nations Set New Records

92SM0126C Sao Paulo GAZETA MERCANTIL in Portuguese 16-18 Nov 91 p 6

[Report by Rio correspondent Livia Ferrari]

[Text] As of September (the latest figures available), Brazil's exports to the countries that make up the Latin American Integration Association (ALADI) have been breaking historical growth records, soaring by 50.11 percent in relation to January/September 1990. This means that the ALADI countries, by purchasing Brazilian products having an FOB value of $3.461 billion, were largely responsible for the 2.12 percent rise in Brazil's foreign sales during the first nine months of this year, more than offsetting the sharp decline of 17.68 percent in exports to the United States and the relative stability of sales to the European Economic Community (EEC). This increase in our exports to ALADI is equivalent in absolute terms to $1.555 billion FOB, and had a 231.5 percent role in the growth of Brazil's total foreign sales during the period, according to statistics from the Office of the Technical Coordinator of Commercial Exchanges (CTIC).

Brazilian Exports By Economic Zone
FOB Value, In Hundreds of U.S. Dollars

Breakdown By Zone	Jan/Sep 1990	Percent	Jan/Sep 1991	Percent	Relative Growth %	Absolute Growth	Role in the Growth %
ALADI	2,306,183	9.80	3,461,788	14.41	50.11	1,155,605	231.51
CACM [expansion not given]	85,427	0.36	78,336	0.33	-8.30	-7,091	-1.42
Other Latin America	127,947	0.54	116,309	0.48	-9.10	-11,638	-2.33
CARICOM [Caribbean Community]	134,760	0.57	66,136	0.28	-50.92	-68,624	-13.75
Canada	421,155	1.79	339,126	1.41	-19.48	-82,029	-16.43
United States*	5,795,819	24.64	4,771,034	19.86	-17.68	-1,024,885	-205.33
Other Americas	69,534	0.30	58,868	0.25	-15.34	-10,666	-2.14
Eastern Europe	553,462	2.35	382,958	1.59	-30.81	-170,504	-34.16
EEC	7,344,751	31.23	7,524,170	31.32	2.44	179,419	35.94
EFTA [European Free Trade Association]	423,478	1.80	403,540	1.68	-4.71	-19,938	-3.99
Other Eastern Europe	173,910	0.74	194,552	0.81	11.87	20,642	4.14
Asia (excludes Middle East)	4,047,905	17.21	4,596,424	19.13	13.55	548,519	109.89
Middle East	794,716	3.38	828,502	3.45	4.25	33,786	6.77
Africa	809,303	3.44	731,721	3.05	-9.59	-77,582	-15.54
Oceania	173,924	0.74	189,407	0.79	8.90	15,483	3.10
Others**	259,585	1.10	278,239	1.16	7.19	18,654	3.74
Grand Total	23,521,959	100.00	24,021,110	100.0	2.12	499,151	100.00

* Includes Puerto Rico
** Ship and aircraft servicing and supplies, and undeclared.

Source: Decex/Office of the Technical Coordinator of Commercial Exchanges

"In 1991, the group of developing countries (as classified by the IMF) became the mainstay of the expansion of our sales abroad," observed Hugo Barros de Castro Faria, of Santa Ursula University's Institute of Economic and Management Sciences (ICEG).

Purchases of Brazilian products by developing countries climbed by 15.71 percent during the period, while our sales to the industrialized group of countries fell by 4.19 percent, especially reflecting the recession in the U.S. economy. The United States imported a total of $4.77 billion from Brazil, $1.024 billion less than in January/September 1990.

Within ALADI, Argentina was the country that most increased its purchases from Brazil—a fantastically big jump of 128.3 percent over the first nine months of the previous year. Brazilian exports to the Argentine market this year totalled $973 million FOB (up $548 million in absolute terms) and all indications are that when 1991 is over, Brazil's sales to that country will have returned to the $1.1 billion level (the best performance ever recorded) which was achieved in 1980, thus prior to the external debt crisis of 1982.

Other noteworthy sales figures within ALADI include exports to Venezuela, which grew by 78.4 percent; to Mexico (up 36.78 percent); and Chile (26.37 percent more). All these are countries that have implemented economic stabilization plans. Likewise, Paraguay and Uruguay, which alongside Argentina and Brazil comprise the Mercosur [Southern Cone Common Market], boosted their purchases of Brazilian products this year by 41.5 percent and 25.83 percent, respectively. Colombia was the only ALADI country that, as of this past September, had imported less from Brazil (a drop of 8.27 percent).

During the first nine months of this year, Brazilian exports also performed well in the Asian market (excluding the Middle East). Sales rose by 13.5 percent, to total $4.6 billion. Even so, the expansion of our sales to the so-called "Asian tigers," (Singapore, South Korea, Hong Kong, and Taiwan) was greater (by 26.17 percent) than the increase in our sales to Japan (14.75 percent, totalling $2 billion). The Asian tigers alone absorbed $1.42 billion in Brazilian products, the bulk of which were steel items.

While Brazil's exports to the EEC stayed at practically the same level as in January/September 1990, i.e., $7.5 billion, sales to Eastern Europe declined by 30.81 percent to only $383 million, reflecting the economic crisis in the principal countries of that region. The biggest drop was in sales to the Soviet market (down by 54.69 percent), to which only $82 million was exported.

* Projected 1992 Petrobras Investments Outlined

92SM0126B Rio de Janeiro O GLOBO in Portuguese 11 Nov 91 p 17

[Article by Ramona Ordonez]

[Text] Petrobras expects to invest $3.19 billion (2.23 trillion cruzeiros at the commercial exchange rate) next year. This will be the company's highest level of investments in the past ten years, exceeded only by the $3.9 billion (27.3 trillion cruzeiros) of 1982.

Trend in Petrobras Investments (in US$ billion)

Year	Value
1985	1.7
1986	2.0
1987	2.5
1988	2.0
1989	1.9
1990	1.5
1991	2.3
1992	3.2

Source: Petrobras

About 70 percent of total investments will come from the firm's own funds, while 30 percent will come from foreign financing. In the worst-case scenario, the company would expect to invest $2.9 billion ($20 trillion).

Next year, petroleum output is likely to pass the current 700,000 level and reach 717,000 barrels a day. Although this is only a small increase, a Petrobras source explained that it marks a resumption of investments and the beginning of plans aimed at reaching the goal of one million barrels in 1994/95.

Due to the multiplier effect of this state enterprise's activities on the Brazilian economy (its operations correspond to 3.6 percent of GDP), the source explained, next year's investments of $3 billion will have an important favorable effect on the economy.

Two conditions must be present if Petrobras is to actually achieve the intended investment levels, the technician said. The National Congress must approve the investments before it recesses this year, and the government must fulfill its promise to eliminate the lag in fuel prices by maintaining them at real levels (above the inflation rate).

This year, although it had planned to invest $2.3 billion (16 trillion cruzeiros), Petrobras has probably spent only $1.5 billion, because of several problems: the delay in the approval of its investment program, the strikes by oil workers in March and September, and the lag in fuel prices.

According to the 1992 investment program, details of which O GLOBO obtained on an exclusive basis, $2.3 billion, or 71 percent of the total, will be spent on the priority areas of exploration and production. The increased investments in the refinery sector, which include expansion of refinery capacity and improvements in fuel quality, will amount to $382 million. Other

investments: $266 million on terminals and pipelines; $169 million on ocean shipping; and another $80 million on other activities.

Petrobras 1992 Investment Program (in US$ million)

Area	Value
Exploration	705
Production	1,597
Refining	382
Terminals and pipelines	266
Ocean shipping	169
Other	80
Total	3,199

Source: Petrobras

The guarantee given Petrobras by Minister of the Infrastructure Joao Santana that the government will stop using fuel prices to hold down the inflation rate and that these prices will be completely restored to real levels by next March has encouraged everyone in the company, but they say they will have to "see it to believe it."

Entire Economy To Benefit

If Petrobras does succeed in investing the $3.19 billion forecast for 1992, it will not only be good for the company but will benefit the entire economy in a year of recession and few sizeable investment projects in other productive sectors. Since the state enterprise buys about 90 percent of what it needs on the internal market, its business corresponds to 3.5 percent of GDP and 10 percent of the country's industrial production.

Petrobras has about 2,000 companies that supply it with materials and equipment and 5,000 firms that provide services, and these represent about 10 percent of GDP. Petrobras is directly responsible for 55,000 jobs—and indirectly for no fewer than three million.

That is why the technical personnel from the company stress the importance of Petrobras raising its investments in 1992, a year when the recession is expected to linger—precisely to spark the economy with its orders for materials and services. Every dollar invested by Petrobras represents two dollars to Brazil's economy.

Besides the multiplier effect of its investments on the economy, technical experts emphasize the state enterprises' contribution in the form of taxes and fees. Last year, Petrobras paid the equivalent of $1.24 billion in taxes and $1.2 billion in payroll benefits. The company paid $116 million in royalties for oil and gas production, which helped nine states, 450 municipalities, and the Brazilian Navy.

All these figures are being used by Petrobras directors and professionals to argue the need for the company to boost its investments, made with its own funds generated by earnings from the sale of fuels. Yet there is still another important argument. Brazil has only two options in the petroleum sector: either increase domestic production or increase imports. The latter, of course, would be a drain on foreign exchange.

Italians Urged To Participate in Privatization

PY1212131091 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 12 Dec 91

[Excerpt] [passage omitted] The fruits of President Fernando Collor's visit to Italy can be evaluated through the agreements signed by the two governments: Resources amounting to almost $1 billion will be granted to Brazil over the next three years. The money will be used in industry, science and technology, research, and culture.

In a meeting with Italian businessmen, President Collor called on them to participate in the Brazilian privatization program. He made this invitation to Franco Nobili, chairman of the Industrial Reconstruction Institute. [passage omitted]

Rocket Launched To Gauge Infrared Radiation

PY1212194291 Madrid EFE in Spanish 1539 GMT 10 Dec 91

[Text] Sao Luis (Brazil), 10 Dec (EFE)—On 9 December the Brazilian Aeronautics Ministry launched a space rocket to measure the intensity of the infrared radiation on the ozone layer and synchronize all the Brazilian aeronautic tracking equipment: radar, computers, and antennae.

Official sources have explained on 10 December that the "Sonda-2" type rocket was launched at 1740 local time (2040 GMT) on 9 December from the Alcantara launch pad located in Maranhao State, in the northern region of Brazil.

After 22 seconds of self-propelled flight, the rocket reached a maximum speed of 1,554 km/second and began to descend and finally fell into the Atlantic Ocean 92.4 km from the launch pad.

With the launching of a new rocket, the Aeronautics Ministry concluded the "Beautiful Waters" operation developed by the Alcantara launch pad within the framework of the Brazilian space program begun in 1965.

The main goal of the Brazilian space projects is to design a satellite-launching vehicle that will operate at the Alcantara base beginning in November 1992.

According to launch center Director Colonel Cavalcanti, yesterday's operation was a success because all the Brazilian aeronautic tracking equipment could be synchronized.

Col. Cavalcanti said that the San Luis and Alcantara radars tracked the rocket's entire trajectory.

The "Sonda-2" rocket measurement of the radiation on the ozone layer (between 45 and 90 km above the earth) will be used in scientific studies.

* Engesa To Receive New Treasury Funding

92SM0126A Sao Paulo EXAMEin Portuguese 30 Oct 91 pp 68, 69

[Article by Sandra Balbi, with Cintia Sasse]

[Text] From the vantage point afforded by his nearly 2-meter height, businessman Jose Luiz Whitaker Ribeiro, 61, silently contemplates yet another attempt by the government to pull the company he founded in 1958, Engesa (Specialized Engineers, Inc.), out of the mudhole. The attempt in some ways is a sort of guerrilla operation, featuring diversionist tactics, complicated calculations, and especially, a lot of secrecy. Mired in debts totalling $450 million, Engesa, once one of the country's largest armaments manufacturers, filed for Chapter 11 bankruptcy in March 1990. Since then, its production line has been paralyzed while a complex rescue operation was mounted behind the scenes. Even the Secretariat of Strategic Affairs, successor to the now-defunct SNI [National Service for Intelligence] was mobilized to come to the company's aid in an operation designed to pass some of the debt on to the National Treasury. So once again, the taxpayers, who are the widows in this story, are being called upon to cough up some money.

Swimming against the tide of the government's plan to privatizing one state enterprise per month, once again a company is being nationalized in order to socialize the losses. It's an old movie, and Engesa has been starring in it for some time.

Comfortably ensconced in his office in the luxurious office building in Alphaville, on the outskirts of Sao Paulo, that houses Engesa's offices, Whitaker sees one of his favorite maxims confirmed: "Armaments are one of the best businesses in the world." He must be right. After all, despite being broke, with assets valued at only $100 million, or less than a quarter of its liabilities, Engesa is still attracting healthy suitors. The Italian groups Ferruzzi and Otto Melara, the French group Matra, and British Aerospace are competing for control of its stock. Two months ago, in a move it hoped would speed up negotiations with the Brazilian Government, British Aerospace leaked a story that an accord was practically all wrapped up. It did not say, however, that it planned to pay for the purchase with paper like the DFA [Deposit Facility Agreement], the Brazilian foreign debt bonds purchased on the secondary market. At any rate, the plan to sell Engesa foundered on the issue of its liabilities. Among other obligations, the company owes $81 million to the National Treasury, $80 million in back taxes to the Federal Revenue Office, $10 million to Banco do Brazil, $30 million to the BNDES [National Bank for Economic and Social Development], and $14 million to former employees.

Just counting debts to its privileged creditors—current employees and former ones who have still not received their entitlements, in addition to the government—Engesa owes more than its assets are worth. And it is this imbalance that led the government to try to rescue the company instead of foreclosing on its debts. This determination is nothing new—the current rescue operation began back in November 1989. That was when, under the justification of "preserving the technological estate," the Army-controlled firm of Imbel [War Materiel Industry] bought Engesa's technological assets for $5 million. The contract contained a clause that would permit Engesa to buy back those assets for the same price, adjusted by the now-extinct BTN [National Treasury Bonds] plus 1 percent interest per month, after three years. It was believed at the time that the company still had a chance to get out of trouble. Its officers hoped its redemption would come from Saudi Arabia's King Fahd, who for five years had held off signing a contract to purchase 1,200 Osorio tanks, worth $2.2 billion.

Accounting Ploys

Finally in 1990, after seven years of negotiations, the order was definitely canceled by the Arabs. So today, Imbel is the owner of some designs for jeeps, trucks, and armored vehicles and the recipe for making them, but nowhere to sell them. If it wants to sell the technology back to Engesa under the terms of the contract signed in 1989 it will receive, at most, half what it paid. Even so, Imbel still serves as cannon wadding in the Engesa rescue operation. An intricate accounting deal is being put together to reduce the firm's debts to the Treasury to zero, via Imbel. The latter would receive an injection of $81 million in capital from the Treasury, which would make it a partner in Engesa along with a foreign group and the domestic corporate groups of Odebrecht and Schahin Cury. The latter already have minority interests in Engesa. However, the key to Imbel's entrance into the new association would be an agreement to settle Engesa's $81 million debt to the Treasury.

Since very early in his career, Whitaker has been used to getting cheap money. "He could always count on money from Finex [Financing and Export Fund], Banco do Brasil, and the BNDES," relates a former executive of the company. Engesa, which started out small—machining parts used by Petrobras to drill for oil—entered the military field thanks to Whitaker's inventive genius. Early in the 1960's he developed a four-wheel-drive system for pickups, and later adapted it for Army trucks. In 1970, when the Army decided to invest in tank production, Whitaker developed the designs for the light armored vehicles known as the Cascavel and the Urutu. From then on, the company just kept on growing, and quickly verticalized its production. "That was his biggest mistake," says Whitaker's former colleague. Within ten years he had bought or set up 17 companies. With a passion for fast cars, Whitaker was never afraid of financial collisions. "The subsidiaries were regular bloodsuckers," the former executive said. They sent about $100 million down the drain, funds taken from

Engesa's coffers. Whitaker, however, refused to sell them off. "Let's push onward, we have to think big," he used to say.

After conquering the international market with his light armored vehicles—he sold 10,000 of them between 1975 and 1990, the year he filed for Chapter 11—Whitaker tried to enter the market for heavier tanks. That was the kiss of death for Engesa. The Osorio project ate up $50 million, almost all of it from the firm's own funds. Developing the design took four years. About $700,000 was spent just on tests in the Saudi desert in 1985. A former employee said "Every shot fired under the burning sun of the Arab desert cost $2,500." Whitaker personally followed the progress of the tests, reinforcing the legend that as a businessman, he will do anything to make a sale. It is said he has even eaten monkey's brains and billygoat's eyes to please his potential customers. So his problems did not come from the sales department. "Engesa never had the right kind of capital structure for its investment needs," said an executive from a company in the weapons business. That is why the hefty resources required for the Osorio, which never actually went into production, dealt a fatal blow to the already weakened financial health of the company.

Although it is true that the expenses of the Osorio project were the most immediate cause of the company's insolvency, it is also true that Whitaker never bothered to lock the door to the safe. If he had to go to New York, for example, he spurned the scheduled airlines and traveled only by chartered jet. To visit the factory in Sao Jose dos Campos, he used a helicopter. His flying office, a Boeing 737 from Aerobrasil—a subsidiary of Transbrasil—became famous. Whitaker often chartered a plane to transport representatives of the government and foreign buyers whom he wanted to impress. "He lacked humility," a former director said.

Today, after selling off the two healthiest companies in the group, Fabrica Nacional de Vagoes and Engesa Electronics, Whitaker awaits the outcome of the operation to rescue Engesa. His strongest allies are among the military, to whom the arms industry is a symbol of national sovereignty and security. If the intensive-care unit supported by public money should resume functioning, Whitaker could soon be free of the burden of the debts and pass Engesa on to new owners. He could then dedicate himself to the trading company he has just established with Vito de Grassi, one of his partners in Engesa. Just as if nothing had ever happened.

Chile

Erich Honecker Remains at Embassy in Moscow

Extradition Request Planned

PY1212133491 Madrid EFE in Spanish 2209 GMT 12 Dec 91

[Excerpt] Santiago, 12 Dec (EFE) — German Ambassador to Chile Wiegand Pabsch stressed today that his government will request the immediate extradition of Erich Honecker, former leader of the former GDR, if Honecker, who is currently in the Chilean Embassy in Moscow, arrives in Chile.

"Germany needs to bring Honecker to trial, above and beyond any other consideration," the German diplomat said. He also "lamented" that the former GDR communist leader has been accepted as a guest in the Chilean Embassy in Moscow. [passage omitted]

German Spokesman Comments

PY1212234691 Santiago Radio Cooperativa Network in Spanish 2200 GMT 12 Dec 91

[By correspondent Gonzalo Caceres in Bonn]

[Text] German Government Spokesman Dieter Vogel has told us in Bonn that the German Government has officially requested that the Chilean Government urge Erich Honecker, the former GDR strongman, to abandon the Chilean ambassador's residence in Moscow.

[Begin Vogel recording in German with superimposed translation into Spanish] We told the Chilean Government, through our ambassadors and through our diplomatic mission in Bonn, that naturally we expect the Chilean Government to urge Erich Honecker to abandon the Chilean Embassy grounds. We also expect, and we do not doubt this will be the case, since it is the opinion of the Chilean Government and president, that Honecker will not receive political asylum in Chile. [end recording]

We asked Vogel if all the German political parties agree in (?imprisoning) Honecker.

[Begin Vogel recording in German with superimposed translation into Spanish] The leaders of the political parties agree on the need to make Honecker return to Germany. He is illegally in the USSR, and he is not a victim of political persecution. An arrest warrant has been issued against him for allegedly inciting to murder. He will have a fair trial if he is finally taken to court. [end recording]

We told Vogel that Honecker accuses the German authorities of having unleashed a witch hunt against former GDR Government officials, to which Vogel answered:

[Begin Vogel recording in German with superimposed translation into Spanish] I say it is not a witch hunt. The fact is that in a state of law, such as in Germany, it is expected that any person against whom an arrest warrant has been issued must bring himself before the court. [end recording]

We asked the German spokesman if he believes Honecker will return to Germany in the next few days.

[Begin Vogel recording in German with superimposed translation into Spanish] Naturally, I do not know, but if

he leaves the Chilean ambassador's residence in Moscow, the Russian authorities will act as they promised us. Honecker has until 13 December to leave Russia, and if he exceeds this limit, they will do everything possible to send him back to Germany. That is what will happen if he leaves the Chilean Embassy in Moscow. [end recording]

When asked whether Honecker could be the cause for a deterioration of relations between Chile and Germany, Vogel said no, and that the German Government is satisfied with the position adopted by the Chilean Government. All that remains to be done is to adopt measures to make Honecker abandon the Chilean ambassador's residence in Moscow, he said.

Honecker To Remain as 'Guest'

PY1312000291 Santiago Radio Cooperativa Network in Spanish 2200 GMT 12 Dec 91

[By Veronica Franco]

[Text] Interior Minister Enrique Kraus has said that Erich Honecker will remain in the Chilean Embassy in the Russian Federation until a satisfactory way out safeguarding his personal safety is found. The interior minister said that the right of asylum is not applicable in this case because it is not recognized by Soviet law and the requisites for its application within the framework of Latin American international law have not been met.

[Begin recording] [Kraus] Honecker requested to be received as a guest and he was received as such in the residence of the Chilean ambassador in the former USSR, currently the Russian Federation. He will remain there until we find a satisfactory way out safeguarding his personal safety to his own satisfaction.

[Unidentified reporter] [Question indistinct]

[Kraus] Soviet or Russian law currently acknowledges the inviolability of diplomatic missions; consequently, he is on Chilean territory. [end recording]

Minister Kraus insisted on the point that Honecker did not request asylum, that he simply is standing on part of Chilean territory. He is a human being whose past I do not judge, and he obviously is in a quite complex situation, Kraus said. We have a long history of Chileans who lived in exile and who faced relatively similar situations, the minister added.

When asked whether the Chilean Government would allow Honecker to come to Chile for humanitarian reasons, Kraus said no other measure has been adopted in this respect and that any speculation made about this subject is just that—speculation.

Lacks Conditions for Asylum

PY1312133291 Santiago Radio Chilena Network in Spanish 1000 GMT 13 Dec 91

[Relay from Osorno by Ximena Tricallota]

[Excerpt] President Patricio Aylwin has reiterated that from the international law point of view, former German leader Erich Honecker, who is currently a guest at the Chilean Embassy in the USSR, does not meet the necessary requirements to be granted political asylum.

Aylwin made this statement after a meeting with leaders of political parties that belong to the Coalition of Parties for Democracy in Osorno.

[Begin Aylwin recording] There is a humanitarian aspect that I believe should be taken into account, but the situation is quite clear from the international law point of view. In his case, he lacks the necessary conditions to be granted asylum. [end recording] [passage omitted]

Defense Minister Discusses Weapons Shipment

PY1312001691 Santiago Radio Cooperativa Network in Spanish 2200 GMT 12 Dec 91

[Text] Defense Minister Patricio Rojas has asserted that the case of the weapons shipment smuggled to Croatia has been thoroughly clarified and the institutions involved in the case must apply the corresponding sanctions.

When asked to which institutions he was referring, he said: To those that correspond, since they are hierarchical entities. When told that some of the institutions probably depend on him, such as the General Directorate of National Mobilization, Rojas said that each institution must be responsible for itself.

Minister Rojas made these statements in the Capitan Avalos Aviation School after presiding over a ceremony commemorating the anniversary of the crossing of the Andes as well as National Aeronautics Day.

Speaking on other subjects, Minister Rojas described as normal the meeting held today by Army Commander General Augusto Pinochet with the Army command and Santiago Army unit personnel. He said the meeting, which will again be held next week, was held to commemorate the end of the military term.

Release of Nobel Peace Laureate Requested

PY1112145291 Madrid EFE in Spanish 2220 GMT 10 Dec 91

[Text] Santiago, Chile, 10 Dec (EFE)—The Chilean Government today requested the government of Myanmar (formerly Burma) to release opposition leader Aung San Suu Kyi, the 1991 Nobel prize laureate. Aung San Suu Kyi has been under house arrest and held incommunicado for over one year.

The request was made by Foreign Ministry Under Secretary Edmundo Vargas on the occasion of International Human Rights Day. He noted that in so doing, Chile joins the United Nations which on 29 November approved by consensus a resolution in this regard.

The Chilean Government urges the Myanmar military government to fully respect human rights and to install the democratic authorities who were freely elected by the people some months ago.

The Myanmar military government refuses to recognize the election results. The elections were held in May 1990 and were won by the National League for Democracy (NLD) opposition party to which the detainee belongs.

Shipyard Joint Venture Underway With USSR

PY0512222491 Santiago EL MERCURIO in Spanish 27 Nov 91 p B3

[Text] Chilean and Soviet businessmen are actively working on the construction of a shipyard in our country. It will have a mixed management. The project is aimed at repairing ships.

This was reported by businessman Orlando Saenz, who is promoting the implementation of this initiative. He added that in the first stage this new shipyard only will repair vessels, and in the long term it will build ships.

He indicated that totally private Chilean and Soviet capital will participate in this joint venture [preceding two words in English].

The executive referred to the prospects of the Soviet Union, indicating that its market has enormous potential, "but we will have to have a lot of patience with frustrating and lengthy waiting stages because it is only just taking off. There are huge possibilities, but I do not recommend that anyone take them without very strong support."

In this respect, he indicated that it is quite a complicated country as far as its structure is concerned, with laws that are changing every day and practically nonexistent game rules.

Regarding the joint venture [preceding two words in English] that has been formed with Soviet businessmen to manage the Stierling paint factory, he stated that production has not yet started.

He added that it is an industry that is located in the Soviet Union, with Russian capital amounting to 52 percent and Chilean capital to 48 percent.

Cooperation Agreement Signed With UN Program

PY1212135691 Santiago Radio Cooperativa Network in Spanish 2200 GMT 11 Dec 91

[By Renato Leighton]

[Text] Chile also cooperates with developing countries. The Chilean Government today signed an agreement for 200 million pesos, that is, approximately $500,000, with the UN Development Program. (Luis Te) representative of this UN organization in Chile, said that although the state-of-the-art technology of the more advanced countries is very important, in some cases cooperation among countries of the same level is preferable. This, he said, helps to consolidate trade relations.

Planning and Cooperation Minister Sergio Molina stressed the benefits that Chile may obtain by giving technical assistance to other countries:

[Begin recording] I think there are mutual benefits. The better prepared the countries find themselves, the broader the options they will find in the international market which is becoming increasingly competitive. I think it is fair that since we receive assistance we should also give assistance. According to the experience of countries who have been involved in cooperation, new ties have been established. I mean different kinds of ties, many of them in the field of trade. New projects are generated among countries. [end recording]

As an example of the mutual benefits of granting technical assistance, Minister Molina mentioned Brazil which has signed cooperation agreements with African countries where it now exports $3 billion worth of goods.

Rodrigo Argana, director of the International Cooperation Agency of the Planning and Cooperation Ministry, and Eduardo Moyano, director of economic relations of the Foreign Ministry, stressed the large number of countries interested in receiving and learning about the technology and systems that have been developed in Chile. For example, in the fields of foreign relations, promotion of exports, public budget planning, graduate university courses, social programs, forestry, fruit, and fishing. It is expected that Chile will give technical assistance to Brazil, to some Central American countries, as well as to Asian and East European countries.

Court Orders Release of Former Pinochet Official

PY1212131891 Madrid EFE in Spanish 2337 GMT 11 Dec 91

[Text] Santiago, 11 Dec (EFE)—The Chilean Supreme Court, reversed a previous ruling today and ordered the release of Alvaro Bardon, a former economy under secretary under General Augusto Pinochet's administration. Five other former officials of the State Bank, who are charged with embezzlement, were also released.

In a three-to-two vote the Supreme Court approved the petition for a court injunction in favor of Alvaro Bardon, former president of the State Bank, and former officials Luis Fuentealba, Osman Flores, Juan Germain, Jorge Ilaba, and retired Army General Osvaldo Palacios Mery.

Bardon and the other bank officials were arrested 10 days ago on order of Judge Alejandro Solis who had agreed to handle the lawsuit filed by the current management of the State Bank.

The case refers to loans and swaps that resulted in losses for the State Bank.

The cases refer to loans and swaps granted to the dailies EL MERCURIO and LA TERCERA, both of Santiago. The current bank management states that the losses amount to more than $20 million.

Colombia

Hungarian President Visits, Meets Gaviria

LD1212165391 Budapest MTI in English 1150 GMT 12 Dec 91

[Text] Bogota, December 12 (MTI)—Hungarian-Colombian economic relations are soon to expand starting with a joint committee session in Budapest next year, Colombian President Cesar Gaviria Trujillo accepted an invitation to Budapest, and next year Budapest will host a Colombian week to be attended by Nobel Prize winning writer Gabriel Garcia-Marquez were the main achievements of Hungarian President Arpad Goncz's talks in Bogota yesterday.

Hungarian foreign policy concentrates on fostering West European relations, however, Hungary does not want to shut itself in Europe but seeks cooperation with South America, Asia and the Middle East, Goncz told Gaviria.

Hungary was eager to enter the Colombian market, said Goncz who even proposed the joint economic committee meet in Budapest next week. Gaviria said Colombia's booming economy provides a good chance for Hungarian firms to increase exports, adding Colombia was the only South American country to repay its debts.

Also Gaviria proposed the countries sign a cooperation agreement for the anti-drug struggle. The draft has been handed over to Hungary and details are to be coordinated on expert level.

On Wednesday, Goncz laid a wreath on the statue of Simon Bolivar, and visited the Bogota City Hall. Mayor Juan Martin Lailedo Ferrer presented the extraordinary Grand Cross of Bogota's Civil Order of Merit to the Hungarian president.

Next year, Colombia's foreign trade minister is to visit Hungary.

The Hungarian head of state yesterday received the extraordinary Grand Cross of the Order of Merit of the Colombian Congress.

Also on Wednesday, Goncz, accompanied by Foreign Minister Noemi Posada, hosted a lunch for the Noble Prize-winning Colombian writer, Gabriel Garcia-Marquez. After the meeting, the Hungarian president said that Garcia-Marquez showed particular interest in Hungary. The main subject of their friendly conversation was how to propagate the best intellectual products in each other's countries. To this end, a Colombian cultural week will be held in Hungary next year, and Garcia-Marquez also accepted an invitation to Budapest.

After concluding his official visit to Colombia on Thursday evening (local time), Arpad Goncz will leave Bogota for Venezuela as the last leg of his Latin American tour.

Offers 'Intellectual Capital'

LD1312100691 Budapest Kossuth Radio Network in Hungarian 0700 GMT 12 Dec 91

[Text] In Bogota, Arpad Goncz offered Colombia the export of Hungarian intellectual capital. Yesterday, the Hungarian president held talks with the Colombian head of state. During the talks, it was discussed that Hungarian experts could participate in the exploration of the South American country's oil. The Colombian president said that they are counting on Hungary's help in the fight against drug dealing, as a new UN Security Council member.

Signs Agreement

LD1312090191 Budapest MTI in English 2054 GMT 12 Dec 91

[Text] Bogota, December 12 (MTI)—Hungarian President Arpad Goncz and Colombian President Cesar Gaviria today signed an agreement to mutually suspend the compulsory visa system for diplomatic and official passports.

A cultural, technical and scientific cooperation work plan between the two countries for the years 1992-1994 was also signed in the presence of the two presidents.

This concluded the Hungarian president's visit to Colombia.

Goncz summarized the experiences of the visit at a brief press conference. He said Hungary could be present in the Colombian market mainly with its intellectual potential, in view of the great geographical distance. Exports of highly processed Hungarian products could be increased.

Goncz said Latin America has become an area of global political importance. South America should be taken into consideration by all those who do not wish to be cut off from the world. Even small countries like Hungary should develop their Latin American contacts. On the other hand, Hungary could promote the opening of new avenues for South America towards Eastern, and all Europe.

President Gaviria told Hungarian journalists his country is particularly interested in the Hungarian experiences as Hungary has achieved far more significant results in the

switch to a market economy, and the creation of democracy, than all other East European countries.

The next stop on President Goncz's South American tour will be Venezuela.

A press communique has been issued on the talks between President Goncz and President Cesar Gaviria.

The communique states both presidents gave positive evaluations regarding the worldwide strengthening of democracy, which can provide a guarantee for people to fully exercise and develop their sovereignty. The presidents agreed that the historical transformation that took place in Eastern Europe created the possibility for the free and democratic development of the countries in the region.

Both sides said the intensification of economic and trade relations is important. Thus, they have decided that talks should be held about a trade agreement between the two countries, and that it should be signed in the near future.

Concludes Official Visit

PA1312031191 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 13 Dec 91

[Excerpt] Hungarian President Arpad Goncz ended his official visit to Colombia on 12 December. In 1992 Hungary and Colombia will sign a commercial trade agreement dealing with coffee and with the free market economy that the former communist country recently adopted. President Goncz was also able to see a Colombian theater group stage a play that he himself wrote many years ago. [passage omitted]

* CNG-Government Talks To Resume in Feb

* Closing Statement

92SM0127A Santa Fe de Bogota EL TIEMPO in Spanish 11 Nov 91 p 6a

[Text] The elements which the parties have approved as constituent in a future plan to establish a cease-fire and an end to hostilities are listed below. "Cease-fire" is interpreted to mean a suspension of the military confrontation between the guerrilla and the public forces, for the purpose of creating an atmosphere of confidence which will make continuous dialogue and the achievement of peace possible, as the final conclusion to the process.

The parties differ in their interpretations of the term "hostilities." In the government version, "hostilities" include first of all the clashes resulting from the routine pursuits of the guerrilla force, such as terrorism, kidnapping, drug-related extortion [boleteo], armed proselytizing, extortion, and intimidation.

Secondly, there are the hostilities resulting from the military confrontation, including requisitions, hostages, and control of supplies.

In the opinion of the CNG [National Guerrilla Coordinating Council], the term "hostilities" means putting an end to the effects the confrontation is having on the civilian population, including state terrorism, bombing, machine gunning, hostages and safe-conducts, dispossessions and plundering, arbitrary arrests, forced disappearances, kidnappings, torture, drug-related extortion, blackmail, violations, and control of provisions and supplies.

An effort has been made to present the elements in such a way as to group together, first of all, those which are general in nature, whatever the formula for the cease-fire and the cessation of hostilities may be.

Next, those pertaining to the effects of the confrontation on the civilian population are presented, followed finally by those pertaining to the discussion of a possible formula for the location of the armed guerrilla force.

Elements and Positions

1. "Bilateral nature" is defined as a situation which provides neither strategic nor military advantages to either of the parties. There is agreement. There is a consensus on the general content of the concept.

2. "Verification" is defined as a plan for a cease-fire which can be verified. The terms of the agreement signed on 25 June 1991 would still be implemented. There is conditional agreement. The government agrees that the cease-fire should be verifiable, but believes that only location of the forces will make this possible.

The CNG agrees that the cease-fire should be verifiable, but the important thing, in its opinion, is the verification mechanisms, and it does not believe that the resettlement of the forces is necessary in this connection.

3. "Transitional nature" is defined as the temporary and sequential aspect of the various foundations for the process. The parties are in agreement.

4. "Evaluation" is defined as the mechanism for continuing and assessing the process. There is disagreement on the constituent elements, as well as on the involvement and role of an evaluation commission.

The government believes that the negotiators should not be part of such a commission, but that once the report has been presented, the negotiators should decide on future actions in this regard. The CNG believes that it is indeed desirable for the evaluation commission to include the negotiating board, the international inspectorate, and the commission assigned to follow and assesse the process, and that decisions should be made jointly.

5. On the international inspectorate, there is agreement. The parties agree that a specific mechanism to create such a body should be studied, and that it should be put into operation once the cease-fire process has begun, based on the agreements signed on 25 June 1991.

6. The phrase "standards of conduct" refers to the rules of the game in the implementation of the cease-fire and the cessation of hostilities. There is agreement between the parties that they should work toward defining compromises in order to establish norms of conduct which will prevent confrontational situations.

7. The parties regard the issue of paramilitary actions as basic and pertinent.

The CNG Positions

1. A report should be presented to the country on the actions carried forward by the state against the paramilitary phenomenon. The government should announce the results of the investigations into the multiple massacres and political assassinations which have occurred in the past six years.

2. The government should announce officially that state policy is opposed to the promotion or pursuit of any paramilitary activity. The repeal of all of the laws, decrees, and military or administrative resolutions authorizing, ordering, or favoring the creation or establishment of paramilitary groups should be confirmed.

3. The state should take immediate action against the paramilitary groups by ordering all state, civilian, military, and police organizations to initiate immediate efforts to dismantle and destroy all of the organizations of this type in existence and to arrest and bring their members to trial.

4. The country should be provided with an explanation concerning the document the CNG will present on this subject.

5. A high-level international commission should be appointed and provided with the guarantees and authority it needs to investigate the paramilitary situation.

6. The public forces should be purged of members who have been involved with paramilitary groups or who have been the material or intellectual authors or financers of these groups, without prejudice to such criminal actions as may result from their responsibility.

7. Regulations should be promulgated to prevent foreign mercenaries from providing Colombian citizens with paramilitary training.

8. The military court system should be eliminated, because it has been and remains the main factor contributing to impunity in the realm of political crimes and violations of human rights, and because thanks to it, thousands of members of the armed forces responsible for political assassinations, massacres, torture, and disappearances have gone unpunished.

9. Those persons displaced from their homes and places of origin as a result of paramilitary actions should be enabled to return, with full social assistance and guarantees.

10. The military doctrine on national security should be revised.

The Government Positions

The government notes that a policy opposed to the paramilitary groups already exists. In this connection, and as a part of the current process, the government reiterates its decision to promise:

1. To present a report on the actions undertaken against the paramilitary groups.

2. To investigate the report which the guerrilla forces may present.

3. To reach agreement with the CNG on specific actions in the areas the guerrillas have abandoned.

4. The other issues would be dealt with under the third point on the agenda.

5. The government position on kidnappings is that the individuals taken hostage by the guerrilla forces should immediately be liberated without any counterpart actions by the government.

The position of the CNG is that a commitment should be made within the context of the present process to finding solutions to the cases of kidnapping reported in the country, insofar as its responsibility extends. The parties agree on the appointment of a commission to investigate those kidnapping cases in which the responsibility of the guerrilla forces is in doubt. A commission separate from that dealing with kidnappings should be appointed to investigate the cases of forced disappearance. The other subjects would be dealt with when point 4 of the agenda is discussed.

6. On guarantees to the civilian population, there is no common definition acceptable to both parties.

The position of the government has to do with specific guarantees for the population living in areas abandoned by the guerrillas, in order to avoid retaliation and threats against and intimidation of said population. With this definition, the government would be prepared to reach agreement on this text.

The position of the CNG is that the agreement reached should make it possible to put an end to the effects the confrontation is having on the civilian population throughout the national territory.

7. With regard to the soldiers being held by the guerrilla forces, the government does not accept the term "prisoners of war" employed by the CNG, and it believes that the liberation of the kidnapped soldiers is all that can be hoped for.

The position of the CNG is that the treatment accorded the captured guerrillas by the public forces must be discussed, and a code of conduct agreed upon.

8. There is disagreement on the temporary settlement of the guerrilla forces within reasonable areas of limited extent, yet to be determined. The positions differ on the aspects of size, number, and the desirability of relocating the forces.

The government is prepared to consider a short period of time to allow the movement of the guerrilla forces to the relocation areas.

The CNG regards relocation of the forces as part of one phase of the process and not a preliminary condition.

9. There is disagreement on the role of the various institutions in the public forces for the purpose of maintaining public order.

The government says that in the event of a localized cease-fire, there can be no discussion of the presence of the public forces in these areas. What should be discussed is the conditions governing their stay.

The CNG maintains that:

1. The government should withdraw the mobile brigades, the counterguerrilla groups, and the detachments participating in offensive military operations against the guerrilla forces, although it is not necessary to withdraw them from the barracks and bases to which they are regularly assigned.

2. In any type of cease-fire, the actions of the public forces must include elimination of the mechanisms for military offensives.

3. The cease-fire would not mean leaving the municipalities of the country without the protection of the public forces.

4. In the event of a localized cease-fire, it would be impossible for the opposing forces to be located in the same space.

5. There should be a neutral zone, defined as a space for which the boundaries would have to be established, to serve as a buffer in order to reduce contact between the opposing parties.

6. There should be juridical guarantees and safeguards for the personal integrity of the spokesmen for the guerrillas.

The government would implement these guarantees within a localized cease-fire plan.

The CNG would apply these guarantees to any type of cease-fire agreement.

7. Three national gatherings would be held on:

1. The economic development and social well-being of the country.

2. Political violence, administrative corruption, human rights, and impunity.

3. The policy on and administration of natural resources. There is disagreement.

The government would be prepared to discuss this element provided that a cease-fire formula had previously been agreed upon.

The CNG believes that the holding of these three meetings should be a part of the cease-fire formula.

Signed on behalf of the delegation of the Guerrilla Coordination Commission by Simon Bolivar, Alfonso Cano, Ivan Marquez, Pablo Catatumbo, Antonio Garcia, Francisco Galan, and Diego Ruiz.

Signed on behalf of the government delegation by Jesus Bejarano, Hector Rivero, Carlos Eduardo Jaramillo, Humberto Vergara, Tomas Concha, and Alvaro Hernandez.

Signed in the presence of the members of the Advisory Commission on Public Order, Horacio Serpa Uribe, Otti Patino, Gilberto Vieira, Saulo Arboleda, Juan Gabriel Uribe, and Carlos Rodado, and international witness Emilio Figuereo Planchar, who have initialed this document.

Caracas, 10 November 1991.

* Progress Assessed

92SM0127B Santa Fe de Bogota SEMANA in Spanish 19 Nov 91 pp 36-37

[Text] The peace talks in Caracas concluded in the atmosphere with which they began—confrontation. Things have not changed much in these five months. While the representatives of the CNG [National Guerrilla Coordinating Council] were sitting at the negotiating table in Caracas, the guerrilla offensive never halted. The blowing up of oil pipelines, electrical towers, and bridges and the robberies and kidnappings did not cease at any time. And now that the talks have been suspended until February of next year, the winds of war are blowing more forcefully.

Everything seems to indicate that what is approaching is an unprecedented guerrilla offensive—a war which has already begun. On Thursday of last week, 60 men in the FARC [Revolutionary Armed Forces of Colombia] took possession of the municipality of Pasca, in Cundinamarca, in the course of which two policemen were wounded. In Valle del Cauca on that same day, there was a clash between Army soldiers and an FARC column surprised while guarding a cocaine-processing laboratory. And the authorities have received reports indicating that the escalation will intensify as 9 December approaches. That date will mark an anniversary—a year since the Army bombing of Casa Verde, in La Uribe.

Paradoxically, while rifles are firing to the right and to the left, the CNG spokesmen remaining in Caracas insist that there will be no such offensive, because it is of no interest to them "to add fuel to the fire." Moreover, they

promised to suspend the attacks on the electrical infrastructure and the gas and multiple-product pipelines. However, the government grows more skeptical with every passing day. What its representatives see approaching does not seem likely to contribute in any way to the second stage of discussion. For this reason, they remained uncertain about the signing of the joint document in Caracas until the last moment. The conditions which were developing were not the most propitious for putting signatures on a document more nearly characterized by the weight of lead than the scent of the olive branch.

Moreover, there are many who believe that there was never a true atmosphere of peace in Caracas. And they think that the war will erupt again in the three months of the wait until the talks resume. There are those who think, however, that this focus on war will only serve to erase, in one single stroke, the little which has been achieved to date at the negotiating table. For this reason, Oscar Arias, the former president of Costa Rica, who has followed the negotiation process closely, decided to take a hand in the matter. Arias offered the Colombian government and the CNG an opportunity for resuming the dialogue in Costa Rica, as soon as arrangements can be made. He also summoned representatives of the guerrilla forces and important former Colombian government officials to a meeting to discuss a solution to the Gordian knot into which the discussions have developed.

The talks in Caracas ended on the basis of protocol agreements, rather than any progress in the search for a solution. During the talks, clear differences between the one side and the other emerged. And the pessimism of the government representatives, who see the negotiations bogging down with each day that passes, is a secret to no one. In the first of the two statements issued in Caracas, the desire of the parties to continue with their discussions was confirmed. In the second, the points on which there is agreement in principle, as well as the existing differences, were set forth. The most serious disagreements have to do with the cease-fire. In the five months of talks, no agreement has been reached despite the agreement of both parties that the cease-fire should be bilateral, temporary, subject to international verification, and based on clear norms of conduct. And since no agreement was reached in this round, what is certain is that the military clashes will continue.

Other points on which there are serious differences have to do with the paramilitary actions, the relocation of the guerrilla fronts, the presence of the armed forces, and the criteria pertaining to the cessation of hostilities. The guerrilla forces regard the first point as "essential and pertinent" in order for the talks to continue. The CNG has demanded that a report be presented to the country on the actions the armed forces and the intelligence groups have pursued against paramilitary activities. It has demanded investigations of the multiple assassinations of politicians and massacres of peasants in the last six years, which were directly connected with the extermination of the Patriotic Union. On this point, the CNG insists that the government issue a statement saying that "it is not the policy of the state to promote or implement paramilitary activities."

The government, for its part, demands that the CNG agree to the immediate liberation of the individuals kidnapped by the guerrilla forces, without any counterpart action. In the five months of negotiation, the CNG spokesmen have repeatedly altered their approach to this issue, and they have consistently avoided any response on the kidnapping issue, one of the most serious problems facing the country. On this point, the government also refuses to accept the term "prisoners of war" applied by the CNG to the soldiers who have been kidnapped, and it has demanded their release.

As to the location of the public forces, the guerrillas are demanding the withdrawal of the mobile brigades, antiguerrilla groups, and military detachments from the zones where the demobilization is to be effected. With these disagreements between the two sides, and pending the results which the guerrilla offensive may yield, the negotiating table in Caracas awaits the arrival of the protagonists in February of next year.

Ecuador

Government Signs Agreements With Bolivia

PA1012195591 Quito Voz de los Andes in Spanish 2300 GMT 6 Dec 91

[Text] On welcoming Bolivian President Jaime Paz Zamora, President Rodrigo Borja said: After 21 years of hard work and difficulties, advancements and setbacks, and periods of growth and crises, the determination of the five Andean presidents has brought about the establishment of the Andean free trade zone. The zone is not meant just for the free flow of goods, services, capital, technology, and people, but also for the union of currencies, because we have just approved by consensus a common external tariff; that is, we have suspended customs tariffs. That will give the Group of Five, as a unit, an advantage in dealing with other countries.

The president explained that the establishment of the Customs Union is very important and that Bolivian and Ecuadoran businessmen should take it as a very clear sign that they should produce and work, mobilize and modernize their agricultural and industrial enterprises, and prepare to serve a market of 10 million Ecuadoreans and eight million Bolivians, in addition to the added challenge of meeting the needs of a market consisting of over 80 million consumers in the five Andean countries.

We are now partners within the same free trade area. Bolivians will be able to consume many Ecuadoran products and vice versa. Our peoples will have access to markets that offer the benefits of better prices and the best quality in the region's products, Bolivian President

Jaime Paz Zamora said, in reference to the agreements signed in Cartagena within the Andean Pact framework. The president said there will be an exchange of practices, methods, and habits, because trade is a channel for life itself and because a number of foreign investments will be made outside the Andean Pact framework.

Paz Zamora said the step that has been taken by the Andean Pact will be a kind of engine that drives the rest of the integration process in Latin America. He said it was explicitly noted that there is a need to discuss a kind of special link with Mexico and Chile, as well as with the Southern Cone Common Market. He said that we have established some preliminary rules in that regard and that we have also discussed how to extend it to the Rio Group. He also said that it will be necessary to establish links with the continent as a whole through President George Bush's Initiative for the Americas.

Ecuadoran Foreign Minister Diego Cordovez and Bolivian Foreign Minister Carlos Iturralde signed a cooperation agreement on the exchange of information and the provision of technical assistance to the Bolivian Foreign Ministry in its modernization and reorganization plans. The agreement states that the foreign ministers of Ecuador and Bolivia will maintain an active exchange of information regarding their respective modernization and reorganization projects. The Ecuadoran Foreign Ministry pledged to cooperate with the Bolivian Foreign Ministry in the following areas: administrative reorganization, development of a system for the drafting and formulation of methodology, automation, systems development and the implementation of data processing programs, development and planning of human resources, information, and training.

The Ecuadoran State Petroleum Enterprise, Petroecuador, and the Bolivian State Oil Deposits Enterprise signed a memorandum of understanding on 5 December on oil cooperation. The document was signed by Luis Roman Laso, executive president of Petroecuador, and Alberto Crespo Rodas, Bolivian ambassador to Ecuador, on behalf of the Bolivian enterprise. With the signing of that memorandum, the enterprises that administer hydrocarbons in Ecuador and Bolivia agreed to carry out whatever mutual cooperation and technical assistance programs they deem advisable in the areas of the exploration, exploitation, industrialization, transportation, and marketing of hydrocarbons. Petroecuador will provide technical assistance in business management and industrial and labor relations, as well as in the area of contracts awarded for the exploration and exploitation of hydrocarbons.

The presidents of the two countries tasked the National Council on Narcotic and Psychotropic Substances, and the social welfare undersecretariats of the Bolivian Ministry of the Interior, Migration and Justice, and of Social Services, respectively, with implementing the agreement signed by the two countries on the prevention of drug abuse and illegal trafficking of narcotic and psychotropic substances. That agreement was contained in the final document of the first meeting of the Joint Ecuadoran-Bolivian Commission held in Quito on 30-31 May, 1991.

The central banks of Ecuador and Bolivia will exchange information on their experiences in the various processes of negotiation, renegotiation, and reduction of the foreign debt in accordance with the provisions of section 6 of the final document of the first meeting of the Joint Ecuadoran-Bolivian Commission held in Quito on 30-31 May 1991. That agreement between the two countries will go into force on 5 December 1991.

Defense Officials Willing To Meet Peruvians

PA1112210591 Quito Voz de Los Andes in Spanish 2300 GMT 10 Dec 91

[Text] Defense Minister General Jorge Felix [name and title as heard] disclosed on 10 December that officials of the Ecuadoran Armed Forces will gladly meet with the Peruvian Military High Command to resolve the current border dispute, as was agreed by the presidents of the two countries.

Gen. Felix pointed out that any members of the Armed Forces who are selected would be delighted to meet with their counterparts in the Peruvian Military High Command. However the meeting should be conducted under terms and conditions of self-respect. He added: We would meet with the intention of finding a solution to an issue that has existed for too many years.

According to Gen. Felix, the starting point of the discussions would first be to come to a clear interpretation of what international law entails, and it should be fair to Ecuador's expectations.

Gen. Felix did not reveal if any specific date, place, or agenda for the talks had already been chosen. According to the agreement arrived at last week in Colombia between Ecuadoran President Rodrigo Borja and his Peruvian counterpart Alberto Fujimori, those issues must be decided before 15 January.

In addition, sometime before the military representatives of the two countries meet, Presidents Borja and Fujimori will hold a preliminary meeting, somewhat similar to the one held on 3 December in Cartagena de Indias. That date marks the first time in history that the respective presidents of both countries decided to meet directly and discuss their common border differences. The differences resulted in the Peruvian and Ecuadoran armies clashing in 1941 and 1981.

The Ecuadoran minister stated that he was not aware of the military spending budget cuts agreed to by Presidents Borja and Fujimori. He clearly said: I am not aware of any decisions being made with respect to cuts in the military budget. I have said on previous occasions that we must have a professional and deterrent Armed Forces to defend our national sovereignty and our internal and external security. He continued by saying that Ecuadoran military personnel are currently taking part in

matters totally unrelated to specific military affairs, such as crime control. According to the general, under such circumstances it would become appropiate to start considering cuts in the Armed Forces.

Questioned by the local press with respect to the convenience of having an alert army near the border, especially if there is a definite solution to the dispute with Peru, General Felix explained that as relates to border control, every country needs a prepared armed forces, at least as a deterrent. It does not matter if there is friction between the two countries or not.

Hungary's Goncz Signs Trade, Visa Agreements

LD1112045591 Budapest MTI in English 1123 GMT 10 Dec 91

[Text] Quito, December 10 (MTI)—Mutual goodwill to develop political and economic relations, an agreement to eliminate visa requirements, and a declaration worth USD [U.S. dollars] 20 million in trade were the results of President Arpad Goncz's visit to Ecuador.

On Monday, Goncz held talks with Ecuadoran President Rodrigo Borja Ceballos on economic issues. Goncz assured his host Hungary wants to increase cooperation, and pressed for more balanced and intensive economic contacts. In the first eight months of this year, Hungary's trade surplus with Ecuador surpassed USD 15 million. (Hungarian exports were worth USD 16.4 million, imports 1.1 million.)

Ecuador seeks to diversify its sales to Hungary by adding manufactured goods to its traditional exports of banana, coffee, raw materials. Goncz supported the idea but said details are in the hands of businessmen.

Hungary hopes to increase the number of Ikarus buses on Ecuadorian roads. Ikarus, which sold 40 buses to Ecuador in the 1980s and 100 this year, hopes to win further orders, Goncz said. He also said Hungary, a main exporter of banana seed, was prepared to assist in developing Ecuador's agriculture.

After the talks, some agreements were signed in the presence of Goncz and Ceballos [as received]. Foreign Affairs Deputy State Secretary Denes Tomaj, and his Ecuadoran counterpart signed a general no-visa agreement. From now on, holders of diplomatic, official, service and tourist passports no longer require a visa. In February 1991, Ecuador lifted the visa obligation of Hungarian tourists so this agreement will now guarantee reciprocality.

A representative of the Budapest-based Metrimpex FTO signed a declaration for delivery of USD 20 million of educational equipment and teaching aids to Ecuador. Concluding his visit to Ecuador, Goncz is scheduled to leave today for Bogota, the Colombian capital.

* Montoneras Free Fatherland Group Resurfaces

* Clandestine Assembly Held

92P40079C Guayaquil EL UNIVERSO in Spanish 6 Nov 91 p 5

[Text] The leftist insurgent group Montoneras Free Fatherland [MPL] announces holding its first clandestine assembly at an undisclosed location under the slogan, "For democracy, justice, and liberty; power to the armed people."

A communique given to the media says the assembly reaffirmed the unshakeable will to hold high the machete and rifle of liberation until a free Fatherland becomes a reality.

In addition, the MPL backs indian claims, rejects the militaristic and interventionist policies of the United States and other world powers, and demands an unconditional end to the blockade against Cuba.

* Future Attacks Planned

92P40079D Guayaquil EL UNIVERSO in Spanish 16 Nov 91 p 5

[Text] The subversive group Montoneras Free Fatherland [MPL] has reorganized and is ready to carry out armed attacks in the future, according to statements by its leaders.

This subversive group was formed approximately six years ago, inspired by the "guerrilla wave" which shook various Latin American countries during that period.

"We will not betray our ideology as other groups who have already turned in their weapons have done; on the contrary, we have developed a plan of operations called "the plan to free Ecuador," said Naun Briones, one of the group's leaders.

This subversive group secretly held its First General Assembly three weeks ago; members from all over the country and representatives of Colombian and Peruvian subversive groups attended.

"Unemployment, exploitation, and capital flight abroad through debt payments have plunged all Ecuadoran families into a social and economic crisis which hits the indigenous sectors of the population the hardest," said Micaela Flores, another of the group's leaders, at the opening of the assembly.

Finally, its leaders reiterated the Montoneras group's promise "to fight to the death in an effort to achieve its ideals of a Free Fatherland."

Peru

Prosecutors To Handle Expected Suits Appointed

PA2911200191 Lima Global de Television Network in Spanish 0100 GMT 28 Nov 91

[Text] Anticipating an avalanche of legal suits challenging the constitutionality of the recently issued government decrees, the government has appointed public prosecutors to handle these cases. The appointments were made after the president of the Constitutional Guarantees Tribunal advised the government that several senators had presented suits questioning the constitutionality of decree No. 674. That decree approves the law that promotes private investment in state firms. Decree No. 677 replaces the laws regulating labor participation with a law that is applicable to all third-category firms that generate revenues. The public prosecutors appointed to act as attorneys for the executive branch are: Hugo Luis Tramontana, who will manage the Housing Ministry's legal affairs; and Mario Federico Cabanara Basile, who will handle the Interior Ministry's legal affairs. These officials will continue to work as public prosecutors but will act, individually or jointly, to counter suits that have been or will be presented as a challenge to the constitutionality of the recently promulgated 126 government decrees.

Agriculture Minister Censured, Must Resign

PY1212221091 Lima EL COMERCIO in Spanish 4 Dec 91 p A1

[Text] The Chamber of Deputies last night censured Agriculture Minister Enrique Rossl Link by a majority of 114 votes in favor and 38 against, and the minister must now hand in his resignation, in accordance with Article 226 of the Constitution. According to the same article, the president is obliged to accept the resignation.

The vote in favor of censure was due basically to the PAP-IU-IS-former C.90 bloc [Aprista Party of Peru, United Left, Socialist Left, and former Change 90] and some independents, with the other blocs including Change 90 voting against censure.

The voting was higher in number than the 91 votes needed for a nominal vote at the request of Ricardo Letts (IU-PUM) [Unified Mariateguista Party]. Through this system, each congressman in a loud voice must say either "yes" or "no" regarding the censure motion.

The voting was held in the midst of an overall hubbub and disorder carried out by members of the various blocs.

Senate in Permanent Session Approves Tax Bill

PY1212210091 Lima LA REPUBLICA in Spanish 4 Dec 91 p 12

[Excerpt] In a virtual reply to President Alberto Fujimori's criticism regarding an alleged lack of efficiency in the work of Congress, the Senate declared itself in permanent session as of last night until 15 December, when the regular session concludes.

Last night the Senate plenum approved the new income tax law and incorporated it into the Financial Equilibrium of the Public Sector for 1992 Law.

It also agreed to grant extraordinary powers to the executive branch to allow it to draft a new tax code.

This time there is a difference when comparing the previous extraordinary powers: The Senate has agreed by an ample majority that the draft of the new tax code must be revised by Congress, which will be represented by a bi-chamber committee.

Thus the Senate may prevail in the Economy, Finance, and Banking Committee's 2-month task of studying the income tax bill. [passage omitted]

Senate Revokes One Decree, Modifies 11 Others

PY1212215291 Lima EL COMERCIO in Spanish 27 Nov 91 p A4

[All quotation marks as published]

[Excerpt] Last night, the Senate approved a bill agreed upon by the Senate Spokesman Committee, which abrogated one legislative decree and modified 11 others, all of them on the pacification of Peru.

The decrees objected to by the Senate now amount to 26. Of a total of 126 legislative decrees that were promulgated by the executive branch as a result of its legislative responsibilities granted to it by Congress, the Senate has abrogated 11 and modified 15 because they either contradicted the Constitution or surpassed the faculties granted to the executive branch.

With the changes to the legislative decrees about national pacification made during the meeting of spokesmen, and taking as a reference the reports of the respective committees, the senate "seeks to arrive at a national pacification through a basically political approach rather than military, based on the legal order and democratic principles to gain respect for the civilian authorities."

Decree No. 744 on the organizational structure of the National Police has been repealed, while 11 decrees, Nos. 743; 733; 734; 637; 735; 743 [repeat of number as published]; 745; 749; 752; 759; and 751 were modified.

The Changes

The most important changes are those made to Decree No. 637 in which the last paragraph of Article 52 was repealed; and to Decree No. 743 on the Law for the National Defense System, whose articles 21 to 24 and 26 of Chapter No. 5 were repealed. Decree No. 637 suffered the addition of a sixth supplementary disposition that states as follows: "The Armed Forces and the National

Police must appoint highly qualified, experienced, professional personnel from their respective professional institutes to the organizational cadres of the National Defense Secretariat and joint Armed Forces command. The defense minister will regulate the implementation of this article."

Articles 1, 18, 29, 37, and 38 of Decree No. 733 have been replaced by the following:

Article 1: "The purpose of the mobilization is to adapt the national potential to national defense requirements in order to make timely use of and distribute the necessary resources to face emergency situations which affect national security as a consequence of war or a public calamity. Its implementation is regulated by means of Decree No. ..."

Article 18: "Individuals and corporations are forced to provide the information necessary for their registration."

Article 29: "For mobilization purposes, property, economic, and finance resources may be the object of requisition, a process which will be made through a receipt from the corresponding authority. The appropriate evaluation may be challenged by the affected individual before the corresponding authority.

Article 37: "Violations of the mobilization will be punished according to the Penal Code."

Article 38: "Violations of this law by members of the Armed Forces and National Police will be punished according to the Military Code of Justice."

Article 1 of Decree No. 751 has been replaced by the following: Article 1: "Through a decree approved by the Council of Ministers the Executive Branch will issue the directives of the National Defense Plan for Pacification as well as changes or additions needed for their permanent updating."

Articles 5, 55, and 57 of Decree No. 752 have been changed as follows:

Article 5: The commanders of the Army, Navy, and Air Force will be appointed by the president of the Republic chosen from the division generals, vice admirals, or lieutenant generals on active duty as suggested by the defense minister.

Article 55: An officer will be allowed to retire for any of the following reasons: a) age limit; b) 35 years of service.

Article 57: Any officer who has 35 years of service under any natural condition or rank must retire. [passage omitted]

Peasant Patrols Growing, Demand Communications

PY1312024291 Lima EXPRESO in Spanish 5 Dec 91 p A6

[Text] Leaders of the peasant defense patrols from throughout Peru have stated that they are growing and defeating the Shining Path, and that the peasants are now returning to their land because there is more security in the fields. They added that some of them now have shotguns provided by the government, but that the terrorists have automatic weapons, and for this reason they demand radio equipment for communications in case of an attack.

These remarks were made during a meeting of leaders of self-defense committees and peasant and urban defense patrols organized by the Institute of Peruvian Studies (IEP) held on 2 and 3 December.

A high-ranking leader of the Antisubversive Defense Central Committee of the Apurimac River Valley, in the upper forests, said that all defense patrols of that valley, which comprises three departments, were organized on their own initiative and that with their unity they have managed to expell the Shining Path. They are also trying to organize the neighboring areas to keep eliminating the terrorists.

Another representative of the peasant defense patrols in the mountains of Ayacucho Department stated that those communities have also been organized on their own initiative and that they have shotguns, but that they demand more support from the government.

The president of the peasant defense patrols in Comas in the Tulumayo Valley, Junin Department, said that the terrorists entered their area in 1988 and murdered the justice of peace, the governor, and other peasants, and then forced them not to sell their products and to give up the national currency. They blew up 12 bridges and blocked highways. It was then that the communities formed the defense patrols, on their own initiative. They had no weapons, and thus some 530 peasants died in confrontations with the Shining Path. But then they requested and achieved the support of the Army, and now they have 450 breech-loading shotguns and 12 trucks. "Now subversion has been devastated. There were 2,000 terrorists, but they have been defeated. They will never return. We are prepared to fight for democracy and so that everyone may have a job. Now the people are returning to their land and we are recovering the production of potatoes that has dropped to half," he said.

The president of the peasant defense patrols in Alto Cunas, on the other side of the Mantaro River, told a similar story, that in 1989 the Shining Path entered and destroyed the community farms, the SAIS [Social Interest Agricultural Association]. His community, San Jose de Quero, has lost its mayor and seven community members. Many of them migrated to the cities out of fear. The Shining Path blew up the bridges and blocked the roads to prevent the products from being taken out.

Then the remaining community members decided to organize the defense patrols and requested the support of the Army, which gave them 100 shotguns, and the people began to return. He added, however, that the terrorists have "FAL" [Light Automatic Rifles] rifles and automatic weapons, and that they cannot fight them with shotguns. They also asked for automatic weapons, or radios for communication, so that the Army or the other communities can come to their help immediately.

'Terrorist Celebration' Heralds Violence Increase

PA3011160791 Paris AFP in Spanish 1805 GMT 29 Nov 91

[Text] Lima, 29 Nov (AFP)—The Shining Path has increased its activity—blackouts, dynamite attacks, and killings—within the framework of an offensive that Peruvian authorities on 29 November attributed to a "terrorist celebration" in honor of the organization's founder, Abimael Guzman, who will be 57 on 3 December.

The Spanish Embassy, approximately 20 branch banks, and six utility towers were the targets of attacks during the night of 28-29 November by Shining Path commandos. Their actions left Lima and several towns in the central, southern, and northern parts of the country without electricity, according to police. Several Lima districts were still without electricity 29 November.

The explosions disturbed the population of this capital of 8 million people. However, no injuries were reported.

The most serious attack occurred at the Spanish Embassy, in the San Isidro District. Spanish Ambassador Nabor Garcia was in the building. Casually departing the embassy, he declined making any statement. The front of the building and its interior were damaged.

Approximately 20 branch banks in Lima were also attacked and suffered damage, but no one was injured. The police have mounted a dragnet throughout the city and many suspects, as well as people without documents, have been arrested, a police officer said.

According to statistics on violence in Peru prepared by a Senate commission, so far this year, prior to November, 2,683 persons have died as a result of violence. Another 177 more have already died in November.

Authorities denounced the 25 November killing of seven Marines in an ambush by Shining Path guerrillas near the town of Chiringal, Ucayali Department. Another 10 Marines were wounded in that attack.

On 26 November, a Shining Path column massacred 10 members of a peasant self-defense patrol in the village of Huari, Junin Department.

On that day, a professor was murdered in Ayacucho, a Shining Path stronghold in the Andes. The government's intelligence services uncovered a plan for the massive escape of 62 terrorists—including Osman Morote, the number two man in the Shining Path hierarchy, who was captured in 1988—from a Lima prison.

On 27 November, police agents found powerful explosives in Lima's most important drinking water plant. This discovery spared the city having to spend several weeks without that precious liquid, according to police reports.

A police source has reported that in view of the wave of violence, the authorities' high echelons have implemented security plans and have increased watch operations in the regions under the state of emergency.

Police Arrest 31 Shining Path Guerrillas

PA0612034291 Lima Global de Television Network in Spanish 0100 GMT 4 Dec 91

[Text] As Manuel Abimael Guzman [Shining Path founder] celebrated his 57th birthday, the Dircote [Counterterrorism Division] presented 31 Shining Path guerrillas arrested in a roundup operation. This operation included the raid of 12 homes, which reportedly housed Guzman followers.

The police seized weapons, explosives, medicine, and revealing documents indicating that a wave of attacks in our capital has been avoided.

The alleged guerrillas were arrested during a Dircote operation called Little Present [Regalito], which was conducted to identify Shining Path terrorists planning to launch different attacks on the occasion of the so-called day of the popular guerrilla army and the birthday of Manuel Abimael Guzman, Shining Path top leader.

The operation was conducted on 28 November in 12 houses located in the following residential areas of Lima: San Miguel, Villa Maria del Triunfo, Villa El Salvador, Zurquillo, Los Olivos, Zarate, Lince, Barranco, and Chorrillos. As a result, 31 guerrillas, including six females and one minor, were arrested. The arrested guerrillas reportedly belonged to the Central Directorate cell of Shining Path, known as Popular Assistance [Socorro Popular], a branch of the defense department.

Most of the arrested were college students from the University of San Marcos, the Catholic University, and the Engineering University, as well as lawyers and high school teachers.

Weapons, explosives, paint, medicines, as well as documents on the attack carried out last week against the Justice Palace were found at the raided homes.

The Dircote commander in charge of the presentation said that the individual who placed the explosives at the Justice Palace had access to the office of the Bar Association, which operates at the Justice Palace building.

Central Bank Expects To Fulfill Economic Plan

PY1312123491 Lima EXPRESO in Spanish 28 Nov 91 p A12

[Text] Central Bank Director Julio Velarde revealed yesterday that the bank's economic program drawn up in accordance with the agreement reached with the IMF will not have any problems during the remainder of this year.

Therefore, the goal to issue paper money of 3.5 and 3 percent for the last two months of this year will be fulfilled with no problems. It should be pointed out that the issuance of paper money in October was 3.7 percent, which is slightly more than the goal of 3.5 percent. The October issuance of paper money was mainly used to buy dollars—30 million soles against 100 million soles in September—and to finance rediscount operations with the banking system.

Velarde also confirmed that the required minimum legal reserve of national currency would be reduced from the current 15 percent to 10 percent next month. Velarde added that by January and February the minimum legal reserve in soles would be reduced even further to 5 and then zero percent. It has been learned, however, that the final decision will depend on the growth rate of banking system deposits.

Velarde also expressed disagreement with aspects of the new law for promoting mining investments, which guarantees mining companies the free availability of foreign currency for their payments abroad. Velarde said that this can create unexpected situations because the amounts needed by the companies are very high and the Central Bank may run the risk of breaking its monetary goals.

Velarde added that the Central Bank already has approved the future purchase of dollars. As reported by EXPRESO, this decision is aimed at reducing the impact of the drop in the exchange rate that usually occurs in the summer.

Although the implementation of this decision has not yet been decided, the bank's executive board said that it will depend on the programming of public expenditures under the Economy and Finance Ministry. Velarde added that in the summer the exchange rate tends to stagnate but this has been caused by the Central Bank's erratic policies and efforts are being made to correct that situation.

Venezuela

'Military Discontent' Prompts Pay Raise Proposal

PA1212225291 Paris AFP in Spanish 1835 GMT 12 Dec 91

[Text] Caracas, 12 Dec (AFP)—Donald Ramirez, a Christian Democrat and president of the Chamber of Deputies Defense Commission, proposed on 12 December that officers of the Venezuelan Armed Forces be given a 50 percent wage increase. He made this suggestion amid an ongoing debate in the press about the possibility of a coup.

This week Caracas newspapers carried reports about the "military discontent" over their economic situation. Earlier reports noted the Armed Forces' "concern" over the increased lack of security and the violence in the streets during antigovernment protests.

In addition, over the past few months, investigations by the authorities into irregular bidding and purchasing by the Armed Forces has replaced the quiet but unconcealable debate that took place this year over the reorganization of the top military ranks.

All economic studies agree that the standard of living of Venezuelans, except for those at the highest levels, has deteriorated since February 1989 when Social Democratic President Carlos Andres Perez launched a neoliberal economic package agreed upon with the IMF.

"The crisis has seriously affected the military, and this has produced discontent, especially among the lower ranks," Ramirez said. This discontent was a framework for the debate begun last month by writer Arturo Uslar Pietri, the country's most respected intellectual. Uslar thinks that "a coup is perfectly possible" in Venezuela. "It is possible because democracy and democratic institutions do not work. A coup can occur anywhere in the world, and it is childish to say that it cannot occur in Venezuela," Uslar said.

President Carlos Andres Perez replied by stating that "coups are a thing of the past in America, especially in Venezuela. They will not occur again. That belongs to the era in which Uslar was a politician."

Uslar was a minister in the administration of procivilian General Isaias Medina (1941-45), who was ousted in a coup by young military officers allied to the Democratic Action (AD) party of the then young Perez.

On 11 December, while visiting a military garrison to deliver a Christmas greeting to the troops, Perez reiterated that coups "belong to a past that will not return. The Venezuelan Armed Forces are an example in Latin America."

Perez denied that the officers had presented a list of demands to him, but sources within AD said that this week party leaders talked with the president about the discontent and poor situation of the military. "The government should very carefully note the discontent within the Armed Forces," former Christian Democratic President Luis Herrera Campins (1979-84) said on 11 December. Last week he said that "if a coup were to take place in Venezuela, it would be a leftist coup."

Last week, Defense Minister Army Gen. Fernando Ochoa Antich said that if the economic situation of

officers does not improve, there is a danger that the better trained technical experts and professionals might leave the institution.

Ramirez said: "A lieutenant cannot live on the 16,000 bolivares ($265) that he earns a month, and that are reduced to 14,000 bolivares ($230) after deductions. An immediate 50-percent wage increase is appropriate, and if this costs the country 10 billion bolivares ($166 million), I believe it will have to be paid."

It was learned on 12 December that Defense Ministry planners have presented to the authorities a plan to receive $220 million over three years (1992-95) for their social security programs.

The Defense Ministry annual budget for 1992 will be $873 million, or 6.4 percent of the national budget.

* Sosa Pietri Discusses PDVSA Future

92SM0118A Caracas EL NACIONAL in Spanish (Section D) 10 Nov 91 p 8

[Interview with Andres Sosa Pietri, president of PDVSA [Venezuelan Petroleum, Inc.]; date and place not given]

[Text] [EL NACIONAL] Is there any risk that Venezuelan Petroleum (PDVSA) might be the target of political intervention at some future date given the recent controversy over its autonomy?

[Sosa Pietri] From the time of its inception in the Nationalization Law, Venezuelan Petroleum has operated "as if it were a private company," meaning as a corporation that deducts costs and expenses, pays its taxes, and reinvests its net earnings after taxes. This has been the key factor in the success of the PDVSA and the main difference distinguishing it from other government-owned enterprises.

In contrast, all over the world we are seeing a wave of privatization, the fruit of efficiency observed in privately-owned corporations and the almost constant failures of businesses run by the government. Venezuela has not escaped that wave.

[EL NACIONAL] There have been suggestions that even the PDVSA could eventually be privatized, inasmuch as its monopoly is being opened up to the private sector.

[Sosa Pietri] Within the framework of that wave of privatization, it is difficult, if not impossible, to imagine that the PDVSA, whose success is based on the fact that it has been managed as a private entity, should now be administered by the political sector in the same way as the other government-owned enterprises which, due to their inefficiency, either have been or will be privatized.

[EL NACIONAL] The PDVSA is reviewing its basic six-year plan. Do you see major changes in the objectives and time of execution of plans compared with the original formulation?

[Sosa Pietri] No, I do not. We are finalizing our annual analysis right now and the 1992 budget must be ready soon. Based on our figures, we see that the plan is headed in the direction originally planned. It includes maintaining the current capacity and provides for a modest increase in the years ahead.

[EL NACIONAL] In addition to the basic program of the PDVSA, in addition to the jointly owned gas, petrochemistry and coal companies, how are other openings to foreign business going?

[Sosa Pietri] We hope the revival of marginal oil fields under operational contracts with private companies will produce between 100,000 and 200,000 barrels a day. This program is already underway, with offers submitted in December and contracts granted during the first quarter of 1992.

[EL NACIONAL] What are the prospects for so-called strategic partnerships with foreign oil companies?

[Sosa Pietri] We attribute great importance to strategic partnerships, beginning with the Orinoco Basin. These partnerships are for joint development of heavy crude, its conversion into a synthetic crude, and marketing.

Great interest has been expressed in these partnerships. We hope to present them to Congress during the first quarter of 1992.

[EL NACIONAL] Will we have model contracts or real contracts with foreign oil companies?

[Sosa Pietri] My idea is to present them to Congress with their full names.

[EL NACIONAL] We understand that the PDVSA's German partner, Veba Oel, has an advantage over other foreign companies interested in strategic partnerships.

[Sosa Pietri] Veba does have an advantage over other candidates. We already have a company downstream. We are placing great emphasis on having these businesses reach the final consumer. We do not want FOB [expansion not given] Venezuela to be stopped. Other companies have advanced proposals for participating downstream and expressed profound interest in this type of setup.

[EL NACIONAL] In shorter-range terms, 1990 was an extraordinary year due to the Gulf crisis, but what are the final results for 1991?

[Sosa Pietri] The PDVSA's action in 1990 was unprecedented in nearly every way: production, refining, sales, and participation in the market. It was also one of the years when industry contributed the most to our country's fiscal revenue and foreign exchange. Results from the first half of this year show that we are exceeding the 1990 figures. Execution of the plan is 100 percent, in financial and operational terms.

[EL NACIONAL] Do you expect this favorable situation to continue?

[Sosa Pietri] The Gulf crisis has ended and prices have dropped to prewar levels. Nevertheless, we still have unprecedented sales because we have not only maintained production, but are gradually increasing it. Thus it is a management effort more than the result of a political event.

[EL NACIONAL] What are the possibilities of reducing the PDVSA's high level of taxes in order to make the investments needed to increase production?

[Sosa Pietri] What we have said is that we do not want to pay less taxes in absolute terms, but less percentagewise. In other words, while revenue increases by the year, we want to hold back more and more for our investment program without looking at our contribution to fiscal needs in absolute terms. We want our contribution to drop from 82 to 75 percent, then 70 and so on, gradually.

[EL NACIONAL] What form do you think such a reform will take?

[Sosa Pietri] We have developed a plan under which we begin with export tax values (which charge taxes on PDVSA revenue based on a reference price higher than the actual market price), reducing the current scale from 20 to 15 percent, then 10, 5, and 0. We are also asking that new programs such as the refinery in the east be considered for the new tax rate, 30 percent, now applied to industrial projects. The same should be true of the development of extraheavy crudes of 10 degrees or less.

[EL NACIONAL] What is the PDVSA doing in the face of additional restrictions on investments due to Venezuela's economic reform, with the International Monetary Fund tying its capital spending to the government deficit?

[Sosa Pietri] We have to convince the IMF that even though the PDVSA is government-owned, it is run as if it were a private business. It is not like other national enterprises that cost the government 100 billion bolivars ($1.6 billion) in losses last year. It is the opposite, since we provide the government with 82 percent of its budget and invest out of our own resources.

The solution is not to ask the PDVSA to reduce its investments, since when the government reduced our investments by 22.5 billion bolivars ($375 million) last year, we lost 60,000 barrels in production a day, equal to 21.5 billion bolivars ($358 million) in revenue.